

GROUND LEASE

THIS GROUND LEASE ("Ground Lease") is made and entered into as of the 26th day of June, 2003 ("Effective Date"), by and between the LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT ("Metro"), a Kentucky local government, having its principal office at 527 West Jefferson Street, Louisville, Kentucky 40202 (hereafter "Lessor") and KENTUCKY CONVENTION HOTEL PARTNERS, LLC, an Indiana limited liability company, having its principal office at 1000 East 80th Place, Suite 600 North, Merrillville, Indiana 46410 (hereafter "Lessee").

RECITALS

- A. Tourism and conventions provide significant economic benefits for the Lessor in creating jobs and generating tax revenues.
- B. The Lessor has determined that in order to sustain and promote growth in the convention industry in the Lessor it is necessary to attract a new first class convention hotel adjacent to the Louisville International Convention Center ("**Convention Center**").
- C. The Lessor issued a Request for Development Proposals dated January 2001 ("**RFP**") to solicit proposals for the development of a convention hotel.
- D. After analyzing the several proposals submitted in response to the Request, the Lessor selected the proposal of Kentucky Convention Hotel, Inc. and REI Investments, Inc. (collectively "**Developers**") as being in the best interests of the Lessor.
- E. Developers proposed to construct a 600 room hotel facility adjacent to the Convention Center on the condition that the Lessor provides certain financial incentives to Developers.
- F. The Lessor and Developers entered into an Inducement Agreement dated December 18, 2001, outlining the Developers' and Lessor's respective obligations.
- G. The Lessor has determined that the construction of the Hotel in accordance with the terms of the Development Agreement will further the public purposes of the Lessor, promote the development of the downtown area and further the goal of making downtown a place to live, work, play and learn.
- H. The Lessor and Developers entered into that certain Development Agreement dated April 23, 2002, as subsequently amended by that certain First Amendment to Development Agreement dated November 27, 2002 (herein collectively referred to as the "**Development Agreement**") to establish the terms and conditions under which each will undertake to perform its respective obligations with respect to the Hotel.

I. Pursuant to the Development Agreement, Lessor agreed to lease to Developers the Premises (as defined below) and Developers agreed to construct upon the Premises a first class convention center hotel and underground garage ("**Hotel Improvements**") and an elevated pedway ("**Pedway**") across Third Street and Jefferson Street to connect the Hotel to the State Garage (defined in Appendix A) owned by the Commonwealth (defined in Appendix A) and the Convention Center (defined in Appendix A) owned by the Fair Board (defined in Appendix A), in accordance with the terms and conditions set forth in the Development Agreement.

J. The Board of Aldermen of the Lessor approved the lease of the Premises to the Lessee by Resolution No. 23, Series 2002, adopted February 12, 2002, and Resolution No. 245, Series 2002, adopted November 26, 2002.

K. Developers have assigned all of their right, title and interest in the Development Agreement and the Project described therein to the Lessee hereof, and the Lessee hereof has assumed all the obligations of the Developers under the Development Agreement, and Lessor has consented to such assumption ("**Assumption Agreement**"), pursuant to that certain Assignment and Assumption Agreement of even date herewith.

L. In furtherance of the Development Agreement and the Assumption Agreement, Lessor and Lessee desire to enter into this Ground Lease in order for Lessee to develop the Real Estate in accordance with the Development Agreement and Assumption Agreement.

NOW, THEREFORE for and in consideration of the undertakings of each party under the Development Agreement, the Assumption Agreement and the mutual promises herein contained and other good and valuable consideration in hand paid by each party hereto to the other, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee, intending to be legally bound, do hereby agree as follows:

ARTICLE I

DEFINITIONS, DOCUMENTARY CONVENTIONS AND ATTACHMENTS

1.1. **DEFINITIONS.** Terms used in this Ground Lease (including all Exhibits, Appendices and Schedules attached hereto) and not otherwise defined herein, shall have the respective meanings ascribed to such terms as set forth in Appendix A, attached hereto and made a part of this Ground Lease.

1.2. **DOCUMENTARY CONVENTIONS.** The Documentary Conventions contained in this Paragraph ("**Documentary Conventions**") shall apply to this Ground Lease as from time to time amended, modified, replaced, restated, extended or supplemented, including by waiver or consent, and to all attachments thereto and all other documents or instruments incorporated therein. When used in this Ground Lease or any instrument governed by these Documentary Conventions: (i) references to a Person are, unless the context otherwise requires, also to its heirs, executors, legal representatives, successors and assigns, as applicable; (ii) "hereof," "herein," "hereunder" and comparable terms refer to the entire instrument in which such

terms are used and not to any particular articles, section or other subdivision thereof or attachment thereto; (iii) references to any gender include, unless the context otherwise requires, references to all genders, and references to the singular include, unless the context otherwise requires, references to the plural, and vice versa; (iv) "shall" and "will" have equal force and effect as mandatory obligations; (v) references in an instrument to "Article," "Section," "Paragraph" or another subdivision or to an attachment are, unless the context otherwise requires, to an article, section, paragraph or subdivision of or an attachment to such instrument; (vi) unless otherwise provided to the contrary in the Development Agreement, all accounting terms not otherwise defined therein have the meanings assigned to them in accordance with generally accepted accounting principles consistently applied; (vii) "include," "includes" and "including" shall be deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import; and (viii) the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Ground Lease or any amendments or schedules hereto. The Development Agreement and the Assumption Agreement, as each may be from time to time amended, modified, replaced, restated, extended or supplemented, including by waiver or consent, and all attachments thereto and all other documents or instruments incorporated therein, are both hereby incorporated by reference and made a part hereof as if fully set forth herein. A true and correct copy of the Development Agreement is set forth in Exhibit "A" attached hereto and made a part hereof. In the event there is an inconsistency between this Ground Lease and the Development Agreement and Assumption Agreement, if prior to the Commencement Date, the terms and provisions of the Development Agreement and Assumption Agreement shall control and if on or after the Commencement Date, the terms and provisions of this Ground Lease shall control, with respect to any inconsistent terms and provisions. The Recitals set forth above are hereby incorporated herein and form a part hereof.

1.3. ATTACHMENTS. The following Appendices, Schedules and Exhibits attached hereto or hereinafter attached and/or executed (or initialed) both by Lessor and Lessee shall be deemed to be a part hereof and hereby incorporated herein:

Appendix A	Terms and Definitions
Schedule A	Project Schedule
Schedule B	Insurance Coverages and Use of Proceeds
Schedule C	Metro's Initial Investment in Project
Exhibit A	Development Agreement
Exhibit B	Legal Description of Real Estate
Exhibit C	Deed of Easement
Exhibit D	Description of Airspace and Structures
Exhibit E	Memorandum of Ground Lease

ARTICLE II

PROJECT SCHEDULE AND CONSTRUCTION

2.1. PROJECT SCHEDULE. Notwithstanding the Project Schedule in the Development Agreement, Lessor and Lessee each agree that it shall use its best efforts to meet the milestone dates relevant to its elements of the Project as set forth in Schedule A attached hereto and made a part hereof. To the extent the Project Schedule attached in Schedule A conflicts with the one in the Development Agreement, the attached Project Schedule shall control.

2.2. PEDWAY. Notwithstanding Section 1.05 of the Development Agreement or any other provisions of the Development Agreement to the contrary, Lessee agrees to construct the Pedway, which when built shall be part of the Premises owned by Lessor and leased hereunder to Lessee. Lessee shall cause the design of the Pedway to be consistent with the design of the Hotel Improvements and prior to construction of the Pedway shall submit the design plans for the Pedway to Lessor for review and approval, which approval shall not be unreasonably denied or delayed. The Pedway shall be completed and open for use by patrons of the Hotel on or before the Opening Date for the Hotel set forth in the Project Schedule, unless delayed for reasons of Force Majeure. Lessor and Lessee agree that the budget for the design and construction of the Pedway exceeds \$2,000,000, so Lessor has deposited into an escrow account held by Mortgagee pursuant to the Development Agreement, the sum of \$2,000,000 for the design and construction of the Pedway. To the extent the Development Agreement conflicts with this Section 2.2, this Section shall control.

2.3. CONSTRUCTION OF PROJECT.

(a) As indicated on the Project Schedule, Lessee shall proceed with the commencement of construction of the Hotel Improvements and Pedway (collectively, the "**Project Improvements**") upon the Premises, subject to the terms and conditions of the Development Agreement. After commencement of construction, Lessee shall make its best efforts to diligently prosecute such construction work to completion without undue delay, subject to Force Majeure.

(b) During the Demised Term, all Project Improvements located upon or in the process of being constructed upon the Premises, and all materials, equipment, fixtures, and other property located upon the Premises for purposes of incorporation in the Project Improvements being constructed thereon or for the purpose of carrying out such construction work shall be deemed to be owned in fee by Lessee, except for the Pedway, which shall be owned by Lessor and leased to Lessee as part of the Premises. Immediately upon expiration or termination of this Ground Lease, title to the Premises and Project Improvements shall be deemed to be vested in the Lessor. Lessor understands and agrees that Lessee's furniture, furnishings, trade fixtures, kitchen appliances, equipment, inventory and any other tangible or intangible property used in the operation of the Hotel shall be Lessee's sole property and not be considered part of the Project Improvements or the Premises.

(c) Lessee shall cause all work done in connection with the construction of the Project Improvements to be done in a good and workmanlike manner in accordance with the Development Agreement. All such construction shall comply with, and shall be performed in compliance with all Applicable Laws. Lessee shall obtain all necessary permits and licenses required for the construction of such Project Improvements.

(d) In order for Lessee to complete the Pedway as part of the Project Improvements and keep to the Project Schedule, Lessor agrees to enter into a Deed for Easement (herein referenced as the "**Pedway Easement**") with the Fair Board and the Commonwealth in the form set forth as Exhibit "C" attached hereto and made a part hereof, which Deed for Easement shall be fully signed and recorded on or before December 31, 2003.

2.4. CONSTRUCTION COSTS AND LIENS. Lessee shall pay all sums justly due to the contractors, sub-contractors, materialmen, laborers, engineers, architects or other persons, firms or corporations rendering services or furnishing material for the construction of the Project Improvements. Lessee shall not suffer or permit any mechanic's lien to be filed against the Premises, or any part thereof by reason of any work, labor, services or materials supplied to Lessee or anyone holding the Premises or any part thereof through or under Lessee; provided, however, if any mechanic's lien or claim or notice thereof shall at any time be filed against the Premises for which Lessee is responsible hereunder, Lessee shall cause the same to be discharged of record within seventy-five (75) days after the date of Lessee's knowledge of the filing of same. In the event that Lessee believes that it has a valid defense to any such claim of lien which it desires to assert, Lessee may make such defense upon delivery to Lessor and of an undertaking sufficient to indemnify Lessor and against any losses, costs, expenses or damages in connection therewith. If Lessee shall fail to discharge and cause the release of such mechanic's lien within such period, or to provide satisfactory indemnification to Lessor, then, in addition to any other right or remedy of Lessor, Lessor may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit in court, or by giving security in such other manner as is, or may be, prescribed by law. Any amount paid by Lessor for any of the aforesaid purposes, together with all reasonable legal fees and other expenses of Lessor, shall be repaid by Lessee to Lessor upon demand, and if unpaid may be treated as additional Rent hereunder. Notwithstanding anything contained herein to the contrary, Lessor does not consent to filing of any mechanic's lien against the Premises.

ARTICLE III

GROUND LEASE

3.1. PREMISES. Lessor does hereby lease and demise unto Lessee, and Lessee, does hereby take and hire upon and subject to the conditions and limitations hereinafter expressed, (i) the real estate consisting of the block bounded by Second and Third Streets and Jefferson and Liberty Streets, in Louisville, Kentucky, as more particularly described in Exhibit "B" attached hereto (the "**Real Estate**"); (ii) the airspace and support structures crossing 3rd Street and Jefferson Streets in Louisville, Kentucky, as particularly described in Exhibit "D" attached hereto and made a part hereof (the "**Airspace and Structures**"); (iii) the Pedway to be constructed

within and on the Airspace and Structures; and (iv) the real estate and rights thereto as described in the hereinafter acquired Pedway Easement (collectively such (i), (ii), (iii), and (iv) are referred to herein as the "**Premises**"), excluding the Hotel Improvements that may from time to time be constructed by Lessee and located on the Real Estate, subject to the terms, covenants, agreements, provisions, conditions and limitations hereof, for the Demised Term as described in Section 3.2 hereof.

3.2. DEMISED TERM AND RENEWALS:

(a) The initial term of this Ground Lease is fifty (50) years beginning on Effective Date of this Ground Lease and ending at midnight the day before the fiftieth (50th) anniversary of the Commencement Date ("**Initial Term**").

(b) Lessee is hereby granted four (4) options to renew this Ground Lease for additional terms of twenty-five (25) years each on the same terms and conditions identified herein ("**Renewal Terms**"). Provided this Lease has not been terminated or an Event of Default does not exist on the commencement date of each Renewal Term, each such option shall be automatically exercised by Lessee without notice to Lessor so long as Lessee does not provide written notice ("**Non Renewal Notice**") to Lessor of Lessee's decision to not renew this Ground Lease, which Non Renewal Notice shall be given, if elected by Lessee, at least three hundred sixty five (365) days prior to the expiration of the Initial Term or the then current Renewal Term, if applicable. Upon Lessee sending Lessor the Non-Renewal Notice, Lessee's option to renew shall lapse and become null and void and be of no further force or effect, and this Ground Lease and all rights of Lessee hereunder shall expire and terminate as of the end of the Initial Term or the then current Renewal Term, if applicable.

(c) The Initial Term and the Renewal Terms, absent Lessee's Non Renewal Notice, may be collectively referred to hereinafter as the "**Demised Term**".

3.3. RENT:

(a) Rent for these Premises for the Initial Term shall be (i) One Dollar (\$1.00) per Lease year, payable in advance on or before the Effective Date of this Ground Lease, in a sum equal to \$50.00; and (ii) the Profits Participation Payment set forth in Section 3.4 hereof. Lessor hereby acknowledges receipt of the Fifty Dollars (\$50.00).

(b) Rent for the Premises for each Renewal Term, absent Lessee's Non Renewal Notice, shall be (i) Twenty Five Dollar (\$25.00) for the entire Renewal Term, payable in advance on or before the commencement of each Renewal Term in the same manner as for the Initial Term; and (ii) the Profits Participation Payment.

(c) All Rent reserved herein shall be payable to Lessor at the address for Lessor set forth in **Section 6.3** hereof. Lessor reserves the right to change the method and place of payment of Rent by notice given to Lessee in the manner herein provided.

3.4. **PROFITS PARTICIPATION PAYMENT.** In addition to the Rent set forth in Section 3.3, Lessee agrees to annually pay to the Lessor a Profits Participation Payment (to the extent such is payable) during the Initial Term and any Renewal Terms, the option(s) of which is or are exercised; provided that the total of the Profits Participation Payment over the Initial Term and the Renewal Terms shall not exceed the Metro's Initial Investment in the Hotel, which Initial Investment the parties hereto agree is the amount set forth in Schedule C attached hereto and made a part hereof. If Metro's Initial Investment is not available on the Effective Date, Lessor shall provide Lessee with such costs when such are made available to Lessor. After Metro's Initial Investment has been determined, Lessor and Lessee shall each initial and append the appropriate Schedule C to this Ground Lease.

3.5. **PERMITTED USES AND OCCUPANCY:**

(a) Lessee agrees to use the Premises solely and exclusively for the construction of the Project Improvements and the operation of the Hotel Improvements for a period of not less than thirty (30) years as a first class convention hotel affiliated with the Marriott hotel reservation system and operated as a full service "Marriott" hotel or affiliated and operated with another equivalent national reservation system and hotel that caters to a national and regional convention business. After thirty (30) years and during the remainder of the Initial Term and any and all Renewal Terms, Lessee agrees to operate the Project as a hotel with first floor retail tenants or for single family or multi-family use that may or may not have first floor retail tenants.

(b) Lessor understands and agrees that Lessee, as franchisee, has entered into or will enter into before the Commencement Date a Franchise Agreement with Franchisor. Under the Franchise Agreement, as modified, amended, supplemented, restated or replaced from time to time, Lessee shall be required to (a) operate the Hotel Improvements in such a manner to provide efficient, courteous, uniform, respectable, and high quality lodging, food and beverage and other services and conveniences to the public of substantially the same quality and distinguishing characteristics as are provided at other hotels operated by Franchisor or one of its Affiliates or one of its franchisees in the United States; and (b) maintain the Hotel in good repair and condition and in conformity with applicable laws and regulations, and shall make or cause to be made such routine maintenance, repairs and minor alterations, as Franchisee and/or Franchisor deem necessary, including any such maintenance, repairs or alterations necessary to ensure compliance with Franchisor's standards; such standards as modified, amended, supplemented, restated or replaced from time to time between Franchisor and Franchisee are referred to herein as the "**Hotel Standards.**" On and after the Commencement Date and thereafter through the thirtieth anniversary of the Commencement Date, Lessee covenants and agrees to cause the Manager to operate and maintain the Hotel Improvements in accordance with the Hotel Standards, as modified, amended, supplemented, restated or replaced from time to time.

(c) Lessee shall use, occupy and maintain, or shall cause its Manager to use, occupy and maintain, the Premises and the Hotel Improvements exclusively in accordance with the terms of this Ground Lease. Moreover, at all times during the Demised Term, Lessee shall conduct, or cause its Manager to conduct, operations on the Premises and the Hotel Improvements in a safe, prudent, orderly, lawful and businesslike manner in full compliance with all Applicable Laws.

Further, Lessee shall not commit or suffer waste therein or allow any part thereof to become a nuisance. Notwithstanding the aforementioned or any other provision in this Ground Lease to the contrary, Lessee, after notice to Lessor, may by appropriate proceedings conducted promptly at Lessee's own expense, in Lessee's name, contest in good faith the validity or enforcement of any Applicable Laws and may defer compliance therewith during the pendency of such contest so long as (i) such deferred compliance is not a danger to public health or safety, and (ii) Lessee shall prosecute such contest to a final determination by a court, department or governmental body having jurisdiction.

(d) Lessee accepts the Premises AS IS with no warranties except as provided in Section 1.03 of the Development Agreement concerning Environmental Remediation, and Section 6.1 of this Ground Lease with respect to the warranties therein made by Lessor.

(e) Lessee expressly agrees that neither it nor any person or entity acting at its direction or with its consent shall (i) manufacture, treat, use, possess, process, store, dispose or otherwise handle any Hazardous Substance on the Premises and the Hotel Improvements, except as permitted and prescribed by Applicable Laws, or (ii) permit the release of a Hazardous Substance on or from the Premises and the Hotel Improvements, and Lessee shall comply with all Environmental Laws. Upon either party obtaining knowledge thereof, Lessor and Lessee agree to give immediate written notice to the other of: (i) any proceeding or inquiry by any governmental authority with respect to the presence of any Hazardous Substance in or on the Premises and the Hotel Improvements or the migration thereof from or to other property, (ii) all claims made or threatened by any third-party against it or such properties relating to any loss or injury resulting from any Hazardous Substance, and (iii) its discovery of any occurrence or condition on any real property adjoining the Premises, or in the vicinity of any such property, that would cause such property, or underlying or surrounding real estate or part thereof, to be subject to any restrictions on the ownership, occupancy, transferability or use of such property under any Environmental Laws, including without limitation, either party's discovery of any occurrence or condition on any real property adjoining or in the vicinity of any such property.

(f) Lessee agrees to indemnify and save and hold harmless Lessor from and against all claims and actions and all expenses incidental to the investigation and defense thereof, including Lessor's reasonable attorneys' fees, based on or arising out of damages or injuries to persons or their property, resulting from Lessee, its agents, or employees, violation of any Environmental Laws in connection with Lessee's use and occupancy of the Premises and the Hotel Improvements.

(g) Lessor covenants and agrees that so long as there is no uncured Event of Default by Lessee, Lessee shall quietly hold and occupy the Premises during the Demised Term.

3.6. UTILITIES. Lessee shall be solely responsible for costs and expenses of any and all utilities used on the Premises and the Hotel Improvements, and for the costs and expenses of installation, use, repair and maintenance of any utility services to and on the Premises and the Hotel Improvements, including but not limited to gas, electricity, water, sewers, telephone, cable, fiber-optic and satellite service, during the Demised Term of this Ground Lease.

3.7. REPAIRS AND MAINTENANCE:

(a) On and after the Commencement Date and during the Demised Term, Lessee shall, at its sole expense, keep in good order, condition and state of repair all portions of the Premises and the Hotel Improvements, in conformity with Applicable Laws. For the first thirty (30) years after the Commencement Date, the Hotel shall be maintained, repaired and altered as required from time to time to satisfy the Hotel Standards.

(b) Throughout the installation and construction of the Project Improvements, Lessee shall cause its construction manager to keep the construction site reasonably free from accumulation of waste materials or rubbish caused by such construction. Upon completion of the Project Improvements, Lessee shall cause its general contractor or construction manager to remove from and about the Premises waste materials, rubbish, tools, construction equipment, machinery and surplus materials. Lessee shall be responsible for garbage and trash collection and disposal from the Premises and the Hotel Improvements. On and after the Commencement Date, Lessee shall, at its sole expense, keep the Premises and the Hotel Improvements reasonably free of debris and any and all noxious materials.

(c) Ownership, repair, replacement and all risk of loss of the Project Improvements and any other property owned by the Lessee and used, stored or otherwise involved in the Premises shall remain with the Lessee, whether such loss is the result of fire, theft, vandalism, act of God, or other known or unknown reasons.

3.8. ASSIGNMENT AND SUBLEASING:

(a) Lessee may assign, this Ground Lease and Lessee's interests in the Premises and the Hotel Improvements or sublet the Premises and the Hotel Improvements with the consent of Lessor, which consent shall not be unreasonably withheld, conditioned, or delayed so long as the assignee or sublessee has the financial capability and hotel management experience to enter into the Franchise Agreement with the Franchisor that requires standards similar to the Hotel Standards and does in fact enter into such Franchise Agreement as a condition of Lessor's consent. Lessee may sublet retail portions of the Hotel Improvements from time to time without Lessor's consent. No rights to possession of the Premises and the Hotel Improvements granted by Lessee under the terms of this Section shall grant any right to possession or occupancy of any part of the Premises and the Hotel Improvements beyond the end of the Demised Term. Notwithstanding anything contained herein to the contrary, until such time as the Hotel Improvements are constructed, Lessee may not sell or assign its interest in the Premises and the Hotel Improvements (other than as collateral assigned to Mortgagee) in contravention of the Development Agreement.

(b) In the event of the assignment of Lessee's interest in this Ground Lease, the Premises and the Hotel Improvements or a subletting of any substantial portion of the Premises and the Hotel Improvements, Lessee shall notify Lessor of such fact and shall provide Lessor with the name and address of the assignee and/or sublessee and such other financial and other

information as Lessor may request in order to consent to the proposed assignment or sublease pursuant to (a) above.

3.9. DEFAULT:

(a) Each of the following shall constitute an "**Event of Default**" by Lessee for purposes of this Ground Lease:

(1) Subject to Force Majeure, the failure by Lessee (i) to commence construction of the Project by the Construction Commencement Date (as indicated in the Project Schedule), (ii) to at all times continue to use its best efforts to cause the Project to be open to the general public no later than the Hotel Opening Date (as indicated in the Project Schedule), or (iii) if construction of the Project is discontinued for any reason for more than thirty (30) days, except as otherwise contemplated by the Development Agreement or this Ground Lease, without the written approval of the Lessor; or

(2) Subject to Force Majeure, the failure of Lessee to punctually and properly perform any other material term, covenant, condition or agreement contained in this Ground Lease, which shall specifically include Lessee's failure, as may be applicable, to diligently and in good faith use reasonable efforts to discharge and perform its duties, responsibilities and obligations under this Ground Lease for more than thirty (30) days after written notice thereof from the Lessor; or

(3) Any representation or warranty given or furnished by Lessee to the Lessor shall prove to be materially false as of the date as of which the representation or warranty was given and is materially false for more than thirty (30) days after written notice thereof from the Lessor and which will have a material adverse effect on the Premises, the Hotel Improvements or Lessee's ability to perform under this Ground Lease; or

(4) In the event proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation, or involuntary dissolution of Lessee, or for its adjudication as a bankrupt or insolvent, or the appointment of a receiver of the property of Lessee, and said proceedings are not dismissed and any receiver, trustee, or liquidator appointed therein discharged within sixty (60) days after the institution of said proceedings.

(5) In the event of the Franchise Agreement is terminated during the first thirty (30) years of this Lease, and Lessee fails to enter into a new Franchise Agreement with the Franchisor within Twelve (12) months thereafter.

Notwithstanding the foregoing, if any Event of Default of Lessee occurs and cannot be cured within thirty (30) days after written notice from the Lessor, Lessee or the Mortgagee, if applicable, shall have such additional time as may be reasonably necessary to cure such Event of Default so long as Lessee or the Mortgagee, as the case may be, is diligently, continuously and in good faith pursuing such cure.

(b) Each of the following shall constitute an "Event of Default" by Lessor for purposes of this Ground Lease:

(1) The failure of the Lessor to punctually and properly perform any material term, covenant, condition, warranty or agreement contained in this Ground Lease or the Development Agreement; or

(2) Any representation or warranty given or furnished by the Lessor to Lessee shall prove to be materially false as of the date as of which the representation or warranty was given and is still materially false as of the time of declaration hereunder of an Event of Default and which will have a material adverse effect on the Premises, the Hotel Improvements, or the Lessor's ability to perform under this Ground Lease.

Notwithstanding the foregoing, if any Event of Default of Lessor occurs and cannot be cured within thirty (30) days of receipt of written notice from Lessee or its Mortgagee, the Lessor shall have such additional time as may be reasonably necessary to cure such Event of Default so long as Lessor is diligently, continuously and in good faith pursuing such cure.

(c) Upon the happening of any Event of Default which is not cured as provided above, the nondefaulting party, at its option and with prior notice may, in the event of any Event of Default, institute any action, suit or other proceeding at law, in equity (including any action to compel specific performance) or otherwise which it shall deem necessary or proper for the protection of its interests under this Ground Lease or the Development Agreement.

(d) Notwithstanding anything contained herein to the contrary, the Lessor will not terminate this Ground Lease so long as the Mortgagee or any third party performs the obligations of Lessee under and subject to the Development Agreement and this Ground Lease.

(e) In the event that Lessee or Lessor shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of Force Majeure, then performance of such act shall be extended for a period equivalent to the period of such delay.

(f) Upon termination of this Ground Lease pursuant to this Section 3.9, Lessor shall pay the Mortgagee and Lessee, as their interests may appear, the fair market value of the Hotel Improvements, less any Rent due Lessor through the date of termination; provided, however, in the event the termination is due to an Abandonment of the Project, as defined in Appendix A attached hereto, this Section 3.9(f) shall not be applicable.

3.10. LIENS. Lessee shall keep, or cause its Manager to keep, the Premises and the Hotel Improvements free from any liens or claims of lien arising out of work performed, materials furnished or obligations incurred by, for or at the request of Lessee. In the event that any liens are filed arising out of work performed, materials furnished or obligations incurred by, for or at the request of Lessee and Lessee fails to bond, pay or otherwise extinguish such liens within seventy-five (75) days after Lessor notifies Lessee of the existence thereof, Lessor may, without waiver of any other rights or remedies, bond, pay or otherwise extinguish such liens, and

any expenses incurred by Lessor in connection therewith shall be paid by Lessee to Lessor upon demand as additional rent.

3.11. IMPOSITIONS:

(a) Lessee covenants and agrees to pay or cause to be paid all real estate taxes, assessments and other governmental charges, general and special, including assessments for public improvements or benefits, which shall during the Demised Term be laid, assessed, levied or imposed upon or become due and payable or a lien upon the Premises, the Hotel Improvements or any part thereof, and any and all levies, taxes or other charges imposed upon the Premises, the Hotel Improvements or otherwise which are imposed as a substitute for general property taxes or are specially designated to produce funds for general property tax relief, whether imposed in the form of a tax or imposition upon Lessee, all of which taxes, assessments, levies and other governmental charges shall hereinafter be referred to as "**Impositions**".

(b) If, by law, any such Impositions are payable, or may at the option of the taxpayer be paid, in installments (whether or not interest shall accrue on the unpaid balance of any such Imposition paid in installments), Lessee may pay or cause to be paid the same together with any accrued interest on the unpaid balance of such Impositions in installments as the same become due.

(c) Lessee may contest the amount or validity of any Impositions imposed or sought to be imposed upon the Premises or Lessee's leasehold estate created hereby or on the Hotel Improvements by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving Lessee of its covenant to pay any such Impositions. Lessor will join in any such proceeding to the extent necessary to permit Lessee to properly prosecute the same, provided, however, that Landlord shall not be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings brought by Lessee, and Lessee shall indemnify and hold harmless Lessor from any such costs or expenses.

(d) During the entire Demised Term, Tenant shall pay or cause to be paid all property taxes due and payable upon Lessee's personal property located in, on or about the Premises or the Hotel Improvements.

(e) Lessee shall require any Area Business within the Project Improvements to maintain a separate sales and withholding tax account numbers (the "**Account Numbers**") for each such Area Business. The Account Numbers shall be used exclusively to report sales and withholding taxes generated within the Project Improvements. Lessee shall promptly submit to Lessor written notification of any changes to the Account Numbers.

3.12. HOLDING OVER AND SURRENDER:

(a) In the event Lessee remains in possession of the Premises and Project Improvements after the expiration of the Demised Term without the consent of Lessor or the execution of a new lease, Lessee shall be deemed to be occupying the Premises as a tenant from

month to month, subject to all conditions, provisions and obligations of this Ground Lease insofar as the same are applicable to a month to month tenancy.

(b) Upon expiration or cancellation of the Demised Term, Lessee shall at once surrender possession of the Premises to Lessor along with all Hotel Improvements thereupon in as good condition as received or constructed, excepting ordinary wear and tear and any casualty that Lessee is not required to repair or restore under this Ground Lease; provided, if there is a casualty resulting in the termination of this Lease, Lessee shall satisfy the requirements of Section 3.16(b)(2)(i) hereof.

3.13. HOLD HARMLESS. Lessee shall indemnify and hold harmless Lessor, its agents and employees from and against all claims, damages, losses and expenses including reasonable attorneys' fees, to the extent they arise out of or result from this Ground Lease provided that such claim, damage, loss or expense (1) is attributable to personal injury, bodily injury, sickness, disease or death, or to injury to or destruction of property, including the loss of use resulting therefrom, or breach of contract, and (2) is not caused by the negligence or willful misconduct of Lessor, its employees or agents. Notwithstanding any provision to the contrary set forth in this Section, this indemnification shall not apply with respect to any matters caused by or arising out of the negligence or wilfulness conduct of either Lessor, or any of its employees or agents, or with respect to liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses based solely on facts or circumstances occurring only subsequent to such time, if any, (a) when Lessor shall become the owner of the Hotel Improvements by way of termination of this Ground Lease or otherwise, or (b) the taking of actual possession and physical control of the Premises and the Hotel Improvements by Lessor.

3.14. INSURANCE. Prior to commencement of the construction of the Project Improvements and throughout the Demised Term of this Ground Lease, Lessee shall obtain and keep in effect at its own cost and expense the insurance coverages set forth in Schedule B attached hereto and made a part hereof. Lessor and Lessee both hereby release the other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to property caused by fire or any of the extended coverage of supplementary contract casualties, even if such fire or other casualty shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible; provided, however, that this release shall be applicable and in force and effect only with respect to loss or damage occurring during such time as the releasor's policies shall contain a clause or endorsement to the effect that any such release shall not adversely affect or impair said policies or prejudice the right of the releasor to recover thereunder.

3.15. ALTERATIONS:

(a) Lessee shall have the right to make changes or alterations to the Hotel Improvements constructed upon the Premises; provided, however, that any such changes or alterations shall be made in all cases subject to the conditions therefor hereinafter set forth in this Section, which conditions Lessee agrees to observe and perform.

(b) No changes or alterations shall be undertaken until Lessee shall have procured and paid for all required state, municipal and other governmental permits and authorizations of the various municipal departments and governmental subdivisions having jurisdiction of such work. All work done in connection with any change or alteration shall be done in a good and workmanlike manner and in compliance with all Applicable Laws, including, without limitation, the Metro's building and zoning laws.

(c) At all times when any change or alteration is in progress, there shall be maintained, at Lessee's expense, (i) property and casualty insurance as required by Applicable Laws and the Mortgagee, or Lessor if there be no Mortgagee, covering all persons employed in connection with the change or alteration, (ii) general liability insurance for the mutual benefit of Lessor, Lessee and Mortgagee expressly covering the additional hazards due to the change or alteration, and (iii) such other insurance as required in Section 3.14 hereof expressly covering any additional hazard or risk incurred due to the change or alteration.

3.16. CASUALTY DAMAGE:

(a) On and after the Commencement Date, if the Project Improvements or any part thereof at any time standing or erected upon the Premises shall be destroyed or damaged, in whole or in part, by fire or as a result directly or indirectly of war, or by act of God, or occurring by reason of any causes whatsoever, Lessee shall give prompt notice thereof to Lessor and Lessee, at Lessee's own cost and expense, shall promptly repair, replace and rebuild the same, at least to the extent of the value, and as nearly as practicable to the character of the Project Improvements, existing immediately prior to such occurrence.

(b) If the Project Improvements shall be damaged or destroyed as above provided at any time before the thirtieth anniversary of the Commencement Date, and the damage or destruction exceeds a Minor Damage as defined in Section 3.16(d) hereof, Lessee shall restore, repair, replace, rebuild or alter the Project Improvements as provided in this Ground Lease within One Hundred Eighty (180) days from the date of damage or destruction (subject to Force Majeure); provided, however, Lessee shall have additional time as Lessee may reasonably require given the scope and nature of the damage as long as Lessee promptly commences and continuously prosecutes the necessary repairs of the damaged Project Improvements after the adjustment of the insurance proceeds and all bids for the repairs are let and plans approved; provided, however, if the Mortgagee does not release the insurance proceeds to the Lessee and applies such proceeds to satisfy in whole or in part the indebtedness due Mortgagee, then Lessee shall have the option of:

(1) restoring, repairing, replacing, rebuilding or altering the Project Improvements as provided in this Ground Lease, subject to refinancing of the Mortgage; or

(2) terminating this Ground Lease by written notice to Lessor given within sixty (60) days after such destruction or damage; provided:

(i) Lessee shall have timely and in good faith instituted, and thereafter shall have been busily engaged in prosecuting with continuity, all work necessary to protect and secure the occupants of the Project Improvements and the public from and against injury to persons and property; and shall remove all debris from the Premises and return the site to a clean and graded condition; and

(ii) this Ground Lease at the time of termination is unencumbered by any mortgages, judgments or other liens (to be evidenced by a search of a title company approved by Lessor and to be furnished by Lessee at Lessor's sole cost and expense), free from any defaults and free from any pending matters that might develop into items of expense unless Lessee shall secure the payment of such items to Lessor in a manner reasonably approved by Lessor.

(3) In the event of termination pursuant to the above Subsection 3.16(b)(2), all of the proceeds of any insurance for the Project Improvements ("**Proceeds**") shall be disbursed as follows:

(i) pay in full the outstanding indebtedness due Mortgagee;

(ii) pay the costs and expenses incurred (x) to remove the debris from the Premises and clear the site; and (y) to adjust and settle Lessee's claim for the Proceeds;

(iii) after satisfying (i) and (ii) above, pay Lessor an amount equal to the difference between: (x) the product of the balance of the Proceeds times a fraction, the numerator of which shall be the sum of 30 minus the number of full calendar fiscal years from the Opening Date of the Hotel Improvements through the date of termination and the denominator of which shall be 30; and (y) the sum of all Project Participation Payments made to Lessor to the date of termination.

(iv) after satisfying the obligations in (i), (ii), and (iii) above, pay Lessee the balance of the Proceeds.

At the time of such termination, Lessee shall at once surrender and deliver up the Premises and the Hotel Improvements into the possession and use of Lessor without delay in the condition required hereby. Upon such termination, surrender and removal, Lessee shall be released and discharged from any and all obligations that would have otherwise thereafter accrued had this Ground Lease not been so terminated; provided, however, such termination shall not relieve Lessee from any unsatisfied or unpaid obligations that accrued prior to termination and any accrued Impositions.

(c) If the Project Improvements shall be damaged or destroyed as above provided at any time on or after the thirtieth anniversary of the Commencement Date, Lessee shall have the option of either:

(1) restoring, repairing, replacing, rebuilding or altering the Project Improvements as provided in this Ground Lease using the Proceeds, or

(2) changing the character of the Project Improvements with Lessor's approval using the Proceeds; or

(3) terminating this Ground Lease by written notice to Lessor given within sixty (60) days after such destruction or damage; provided:

(i) Lessee shall have timely and in good faith instituted, and thereafter shall have been busily engaged in prosecuting with continuity, all work necessary to protect and secure the occupants of the Project and the public from and against injury to persons and property; and shall remove all debris from the Premises and return the site to a clean and graded condition; and

(ii) this Ground Lease at the time of such election to terminate is unencumbered by any mortgages, judgments or other liens (to be evidenced by a search of a title company approved by Lessor and to be furnished by Lessee at Lessor's sole cost and expense), free from any defaults and free from any pending matters that might develop into items of expense unless Lessee shall secure the payment of such items to Lessor in a manner reasonably approved by Lessor.

(4) In the event of termination pursuant to the above Section 3.16(c)(3), Lessee shall be entitled to all of the Proceeds for the Project Improvements, all of which shall become the sole property of Lessee, subject to the rights of any Mortgagee.

At the time of such termination, Lessee shall at once surrender and deliver up the Premises into the possession and use of Lessor without delay in the condition required hereby. Upon such termination, surrender and removal, Lessee shall be released and discharged from any and all obligations that would have otherwise thereafter accrued had this Ground Lease not been so terminated; provided, however, such termination shall not relieve Lessee from any unsatisfied or unpaid obligations that accrued prior to termination and any Impositions.

(d) Prior to commencement of the repair, replacement and rebuilding of the damaged Project Improvements, Lessee shall submit to Lessor plans and specifications for the exterior elevations of the Project Improvements prepared by a competent architect who will be in charge of such work. Before commencing any such work, said plans and specifications shall be filed with all state, municipal or other governmental departments or authorities having jurisdiction thereof, and all necessary permits for such work shall be obtained. Before commencing any such work, Lessee shall, at Lessee's own cost and expense, deliver to Lessor a general accident and public liability policy as more particularly described in Section 3.14 hereof, but said policy shall recite and refer to such work. Lessee shall pay the increased premiums, if any, charged by the insurance companies carrying the insurance on said Project Improvements to cover the additional risk during the course of such work.

(e) In the event of any minor damage to any Project Improvements located on the Premises, which damage is hereby defined as being any damage which can be wholly repaired for a cost not in excess of Ten Million Dollars (\$10,000,000) ("**Minor Damage**"), Lessee shall promptly repair such damage and restore the Project Improvements thereby damaged to the condition existing immediately prior to such occurrence, and Lessee shall not be required to submit plans and specifications to Lessor for approval under the terms of this Ground Lease nor shall Lessee be required to furnish any cost estimates with respect to such work other than such as is necessary to indicate that the cost of such repair and restoration is less than Ten Million Dollars (\$10,000,000). Any insurance proceeds payable for a Minor Damage, shall be paid directly to Lessee or its Mortgagee.

(f) Except as expressly provided in this Section 3.16, this Ground Lease shall not terminate or be affected in any manner by reason of the destruction or damage in whole or in part of any Hotel Improvements located or erected upon the Premises, or by reason of the unleaseability of such Project Improvements, in whole or in part, and the Rent reserved in this Ground Lease as well as all other charges payable hereunder shall be paid by Lessee in accordance with the terms, covenants and conditions of this Ground Lease, without abatement, diminution or reduction.

3.17. CONDEMNATION:

(a) The terms "eminent domain," "condemnation," "taken," "taking" and the like include takings for public or quasi-public use and private purchases in place of condemnation by any authority authorized to exercise the power of eminent domain.

(b) If during the Demised Term the whole or materially all of the Premises or the Hotel Improvements shall be permanently taken by exercise by the right to condemnation or eminent domain, this Ground Lease shall terminate and expire on the date of such taking and the Rent and other charges as provided herein shall be apportioned and paid to the date of such taking. For the purposes of this Section 3.17, materially all of the Premises or the Hotel Improvements shall have been deemed to have been taken only if that portion of the Premises or the Hotel Improvements not so taken shall be insufficient for any economically feasible usage thereof by Lessee following restoration and rebuilding thereof, as determined by Lessee in its sole but reasonable discretion, taking into account the cost of such restoration and rebuilding, the funds available to Lessee for such purpose, the remaining term of this Ground Lease and the continuing obligations of Lessee under this Ground Lease.

(c) In the event of a taking in condemnation of title to the whole or materially all of the Premises or the Project, all awards and other payments made as a result of such taking shall be paid to the Insurance Trustee, but applied as follows in the order and manner specified to the extent that monies available from such taking may permit:

(1) In the order of priority of the Leasehold Mortgages held by the Mortgagees, the unpaid principal amounts of such mortgage loans and all interest accrued and unpaid thereon.

(2) If the taking is by Metro or any of its political subdivisions, Lessee shall receive, after payment to the Mortgagees in (1) above, the product of the balance of any award for the Premises (excluding the Hotel Improvements) times a fraction, the numerator of which shall be the sum of 50 (if the taking occurs during the Initial Term) or 25 (if the taking occurs during any Renewal Term) minus the number of full calendar fiscal years from the Commencement Date or the commencement of the Renewal Term, as the case may be, through the date of taking, and the denominator of which shall be 50 (if the taking occurs during the Initial Term) or 25 (if the taking occurs during any Renewal Term), and Lessor shall receive the balance of any award for the Premises, as their interests may appear.

(3) If the taking is by any other governmental authority, Lessor shall receive, after payment to the Mortgagees in (1) above, the product of the balance of any award for the Premises (excluding the Hotel Improvements) times a fraction, the numerator of which shall be the sum of 50 (if the taking occurs during the Initial Term) or 25 (if the taking occurs during any Renewal Term) minus the number of full calendar fiscal years from the Commencement Date or the commencement of the Renewal Term, as the case may be, through the date of taking, and the denominator of which shall be 50 (if the taking occurs during the Initial Term) or 25 (if the taking occurs during any Renewal Term), and Lessee shall receive the balance of any award for the Premises, as their interests may appear.

(4) The award for the Hotel Improvements, after payment to the Mortgagees in (1) above, shall be paid to Lessee.

(d) Nothing herein contained shall impair the right of Lessee or any of its sublessees, licensees, concessionaires or others to file a claim for the full award, compensation or damages payable by reason of the taking of their personal property in any such condemnation proceeding or to any additional award for their moving expenses. The termination of this Ground Lease by reason of the exercise of the power of eminent domain shall not prevent Lessee from prosecuting and receiving compensation for the interest it had in the Hotel Improvements immediately prior to the event of such taking as provided above.

(e) If at any time during the Demised Term title to less than the whole or materially all of the Premises or the Hotel Improvements shall be permanently taken in condemnation, this Ground Lease shall continue in full force and effect and all of the award paid for such taking shall be paid to Lessee and the Mortgagees, as their interests may appear or, at Mortgagee's election, to the Insurance Trustee.

(f) If there is a partial taking and this Ground Lease continues, then this Ground Lease shall end as to the part taken and the Rent shall abate in proportion to the part of the Premises and the Hotel Improvements taken.

(g) If part or all of the Premises or the Hotel Improvements are condemned for a limited period of time ("**Temporary Condemnation**"), this Ground Lease shall remain in effect.

The Rent and Lessee's obligations for the part of the Premises or the Hotel Improvements taken shall not abate during the Temporary Condemnation in proportion to the part of the Premises or the Hotel Improvements that Lessee is unable to use in its business operations as a result of the Temporary Condemnation. Lessee shall receive the entire award for any Temporary Condemnation.

3.18. CERTIFICATES BY LESSOR AND LESSEE:

(a) **Lessee's Certificates.** Lessee agrees at any time and from time to time upon not less than twenty (20) days' prior written notice by Lessor to execute, acknowledge and deliver to Lessor a statement in writing setting forth the Rent payable during the balance of the Demised Term and certifying that this Ground Lease is unmodified and in full force and effect (or if there have been modifications, that this Ground Lease is in full force and effect as modified and stating the modifications), and the dates to which the Rent has been paid, and stating (to the best knowledge of Lessee) whether or not as to both Lessor and Lessee, either is in default in keeping, observing or performing any of the terms contained in this Ground Lease and, if in default, specifying each such default (limited as regards to Lessor's defaults, to those defaults of which Lessee has knowledge) and also a statement specifying which options for Renewal Terms have been exercised, if any. It is intended that any such statement delivered pursuant to this Subsection 3.18(a) may be relied upon by Lessor or any prospective purchaser of the fee or any fee mortgagee or any assignee of any fee mortgagee, but reliance on such certificate may not extend to any default of Lessor as to which Lessee shall have no actual knowledge.

(b) **Lessor's Certificates.** Lessor agrees at any time and from time to time upon not less than twenty (20) days' prior written notice by Lessee or by any Mortgagee to execute, acknowledge and deliver to Lessee or to any Mortgagee a statement in writing setting forth the Profits Participation Payment paid to date and any Profits Participation Payment that may be due and owing and certifying that this Ground Lease is unmodified and in full force and effect (or if there shall have been modifications that this Ground Lease is in full force and effect as modified and stating the modifications) and the dates to which the Rent has been paid, and stating whether or not to the best knowledge of Lessor, Lessee is in default in keeping, observing or performing any of the terms contained in this Ground Lease and, if Lessee shall be in default, specifying each such default of which Lessor may have knowledge and also a statement specifying which options for Renewal Terms have been exercised, if any. It is intended that any such statement delivered pursuant to this Subsection 3.18(b) may be relied upon by any prospective assignee of Lessee's interest in this Ground Lease, any prospective sublessee or any Mortgagee or any assignee of any such Mortgagee, but reliance on such certificate may not extend to any default of Lessee as to which Lessor shall have no actual knowledge.

ARTICLE IV

PEDWAY

4.1. OPERATION AND ACCESS: It is agreed and understood that upon completion of the Pedway as part of the construction of the Project Improvements, the Pedway shall be

operated and maintained by Lessee for the use of the visitors, guests, licensees and customers of Lessee. Subject to the terms and provisions of this Section 4.1, the entrance to the Pedway at the Hotel Improvements shall remain open each day and early evenings that the Hotel Improvements are open to the general public. Lessee reserves the right to close the Pedway without the consent of, or prior notice to, Lessor or any other person (i) in the case of an emergency, or to prevent injury to persons or damage to property, (ii) to comply with legal requirements, (iii) to prevent structural overload of the Pedway, the Hotel Improvements, or associated structures, and (iv) during late evening and early morning hours. Further, Lessee shall have the right to close the Pedway for special events without the consent of Lessor.

4.2. CLEANING AND MAINTENANCE:

(a) Lessee shall be responsible for daily janitorial cleaning and maintenance of the interior of the Pedway in accordance with Hotel Standards. Lessee shall (a) provide janitorial services, including sweeping of carpet and removal of trash on a daily basis, (b) clean the interior windows at a level of seven feet and below on a weekly basis, (c) clean the interior windows on a quarterly basis; (d) clean the exterior windows on a quarterly basis, (e) provide for cleaning of carpets and removal of stains on an as-needed basis and repair damaged or torn carpet within 30 days after the occurrence thereof, (f) maintain, test and certify all life safety systems and hardware on a quarterly basis, and (g) provide light bulb replacement on an as-needed basis. Lessee shall also be responsible for maintaining the areas within the Hotel immediately adjacent to the Pedway in a safe, clean and slightly condition and free from debris and obstructions.

4.3. REPAIRS AND REPLACEMENTS. Lessee shall be responsible generally for the maintenance and repair of the Pedway with the exception of major structural elements which shall be the responsibility of the Lessor. Lessee shall be responsible for the other maintenance and repair of the Pedway, including, but not limited to, HVAC, glass, flooring, doors and ceilings. All maintenance and repairs to be performed by Lessee will be performed pursuant to the then current Hotel Standards. Major structural elements shall include the supports for the Pedway, the attachments to the Hotel Improvements and the Convention Center and the support of the floor and roof of the Pedway. Lessee shall give Lessor notice as and when such major structural elements are in need of repair or replacement. In the event such major structural elements are not timely repaired by Lessor and the failure of which may jeopardize the safety of the public, or of Lessee, its contractors, employees, invitees and/or licensees, Lessee may close the Pedway until Lessor performs its repairs or Lessee may file an action to compel Lessor to perform its repairs. Alternatively, Lessee may, in its sole discretion, and without any obligation to do so, perform Lessor's repairs and deduct the cost thereof from any Profits Participation Payments or other sums that may be due Lessor by Lessee from time to time.

4.4. ALTERATIONS AND IMPROVEMENTS: Lessee shall have the right at Lessee's expense and upon the written approval of Lessor which approval not to be unreasonably withheld, to make such alterations, replacements and additions to the Pedway as to the areas of ingress and egress within the Hotel Improvements as it shall deem necessary. Alterations, replacements and additions that are not required by emergency type situations should be coordinated in such a manner to minimize disruption to the use of the Pedway or the operation of

the Hotel Improvements. In any case, such alterations, replacements or additions shall be subject to the following limitations: (a) the appearance of any alterations, replacements or additions shall be reasonably harmonious with the existing structures and shall aesthetically conform with the design of the Hotel Improvements; (b) no alteration, improvement or replacement shall unreasonably hinder any easement rights granted herein; and (c) no alteration, improvement or replacement shall impair the structural integrity of the Pedway or any of the areas within the Hotel Improvements of ingress and egress to the Pedway.

4.5. UTILITIES. Lessee agrees to arrange and pay or cause to be paid all charges for utilities used or consumed in connection with the lighting and heating, ventilation and air conditioning of the Pedway and the areas of ingress and egress physically located within the Pedway.

4.6. SECURITY. Lessee, at its cost and expense, shall be responsible for maintaining appropriate security measures within the Hotel Improvements adjacent to the areas of ingress and egress to the Pedway, but not the Pedway. Any incident reports provided or filed by any security personnel for the Hotel in respect to occurrences in or about the Pedway shall be provided to Lessor.

4.7. PEDWAY DEED. Lessor covenants with Lessee not to terminate or allow the termination of the Pedway Deed, without the prior consent of Lessee, nor act by omission or commission, the consequence of which would result in the termination of the Pedway Deed.

ARTICLE V

LEASEHOLD MORTGAGES

5.1. RIGHT TO MORTGAGE. Lessee shall have the right, without Lessor's consent or approval and from time to time, to encumber any of Lessee's right, title, and interest under (i) this Ground Lease, (ii) its leasehold interest in the Premises (including, without limitation, the Real Estate, the Pedway and the Pedway Easement), (iii) its fee simple title in the Hotel Improvements under one or more mortgages, or other security instruments and any related instruments and financing statements (hereinafter separately or collectively called the "Leasehold Mortgage") and to assign its right, title and interest under this Ground Lease as collateral security for the performance of any obligation, subject to the covenants, provisions and agreements set forth in this Ground Lease and to all rights and interest of Lessor hereunder. In confirmation of the provisions set forth in this Section 5.1, Lessor shall, within twenty (20) days of written request, execute, acknowledge and deliver to the holder or holders of any Leasehold Mortgage (separately or collectively, the "Mortgagee") an instrument in recordable form evidencing Lessor's agreements herein set forth with respect to any Leasehold Mortgage, provided that no such instrument shall serve to make Lessor personally liable for the debt secured by the Leasehold Mortgage, nor shall Lessor's title to the Real Estate be subjected to the lien thereof. As to any such Leasehold Mortgage permitted hereunder, Lessor consents to a provision therein or by separate agreement for an assignment of rents due from space lessees to the holder thereof, effective upon any default, and to a provision therein that the Mortgagee in any action to

foreclose the same shall be entitled to the appointment of a receiver. For the benefit of any Mortgagee who shall have become entitled to notice as hereinafter provided in this Section, Lessor agrees, subject, nevertheless, to all the terms of this Ground Lease, not to accept a voluntary surrender of this Ground Lease at any time while the Mortgagee shall hold its Leasehold Mortgage. It is further understood and agreed that such Mortgagee will not be bound by any modification of this Ground Lease unless such modification is made with the prior written consent of such Mortgagee and no sale of the Premises or any portion thereof to Lessee shall terminate this Ground Lease by merger or otherwise so long as any Mortgagee holds its Leasehold Mortgage with respect to the portion of the Premises so sold. In connection with an assignment of this Ground Lease as permitted under Section 3.8 hereof, Lessee may take back a purchase money leasehold mortgage as part of the consideration therefor and shall be afforded the rights of a Mortgagee holding a Leasehold Mortgage hereunder.

5.2. RIGHTS TO CURE DEFAULT. If an Event of Default shall occur under this Ground Lease, Lessor agrees that the Mortgagee shall have the right, but not the obligation, to remedy or cause to be remedied such Event of Default, whether the same consists of the failure to pay Rent or the failure to do or perform any other matter or thing which Lessee is required to do or perform, and Lessor shall accept such performance on the part of the Mortgagee as though the same had been done or performed by Lessee pursuant to this Ground Lease. If an Event of Default shall occur under this Ground Lease, written notice shall be sent by Lessor to the Mortgagee pursuant to Section 5.3 hereof, and Lessor shall take no action to terminate this Ground Lease or to interfere with the occupancy, use, or enjoyment of the Premises until Lessor has given the Mortgagee the following opportunities:

(a) If such Event of Default shall be a default in the payment of any installment of Rent or any other amount payable hereunder, the Mortgagee shall be allowed a period of thirty (30) days after the receipt of such notice within which to remedy such Event of Default;

(b) If such Event of Default shall be a default in observing or performing any covenant or condition to be observed or performed by Lessee hereunder other than an Event of Default described in Subsection 5.2(a) above, and such Event of Default can be remedied by the Mortgagee without obtaining possession of the Premises, the Mortgagee shall be given the opportunity to remedy such Event of Default within a period as may be reasonably necessary to remedy such Event of Default with diligence and continuity, but such period shall not be greater than one hundred twenty (120) days; and

(c) If such Event of Default shall be a default which can only be remedied by the Mortgagee upon obtaining possession of the Premises, the Mortgagee shall be given the opportunity to obtain such possession through a receiver or foreclosure proceeding diligently prosecuted by Mortgagee, and to remedy such Event of Default within a period thereafter as may be reasonably necessary to remedy such Event of Default with diligence and continuity, but such period shall not be greater than one hundred twenty (120) days.

5.3. NOTICES TO MORTGAGEE. No notice of Lessee's default or Event of Default shall be deemed to have been given by Lessor to Lessee unless and until a copy thereof

shall have been so given to each Mortgagee who shall have notified Lessor of its name, address and its interest in the Project prior to Lessor's issuance of such notice. Lessee irrevocably directs that Lessor accept, and Lessor agrees to accept, performance and compliance by any such Mortgagee or its duly appointed receiver of and with any of the terms of this Ground Lease with the same force and effect as though kept, observed or performed by Lessee. Nothing contained herein shall be construed as imposing any obligation upon any such Mortgagee to so perform or comply on behalf of Lessee.

5.4. PRIORITY OF MORTGAGEES. If there is at any time more than one Mortgagee and Leasehold Mortgage, priority shall be given to each Mortgagee in the order of the priority of its Leasehold Mortgage as afforded by applicable law.

5.5. POSSESSION. Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to any Mortgagee, or to its nominee. Lessor agrees, however, that Lessor will, at the sole cost and expense of such Mortgagee, or its respective nominee, cooperate in the prosecution of any proceedings to evict Lessee or the then defaulting Lessee.

5.6. SURVIVAL OF PROVISIONS. Notwithstanding anything contained in this Section to the contrary, the provisions of this Article V shall survive any termination of this Ground Lease.

ARTICLE VI

MISCELLANEOUS

6.1. RIGHT OF ENTRY. On and after the Commencement Date, Lessor retains the full right and authority to enter, inspect and view the public areas within the Premises and the Project Improvements at all reasonably anticipated hours; provided that at no time shall Lessor conduct such activities so as to interfere with or otherwise frustrate Lessee's use or occupancy of the Premises and Project Improvements.

6.2. WAIVER OF TERMS, CONDITIONS, COVENANTS. The parties to this Ground Lease agree that the Lessor may waive the performance of any term, condition and covenant contained herein, provided that such waiver shall not be construed or deemed a continuing waiver of the same or any subsequent conduct which may constitute a default of any provision.

6.3. NOTICE. All notices required hereunder will be in writing and served by mail or in person to the persons named below until change of such names or addresses. Lessor shall notify Lessee and Lessee shall notify Lessor promptly, in writing, of change in name or address of the persons named below.

To Lessor: Louisville/Jefferson County Metro Government
Attention: Patricia Clare
401 West Main Street
Louisville, KY 40202
Telephone: (502) 584-6000
Facsimile: (502) 584-6009

Copy to: J. David Morris, Esq.
Office of the Jefferson County Attorney
444 South 5th Street
2nd Floor
Louisville, KY 40202

To Lessee: Kentucky Convention Hotel Partners, LLC
1000 East 80th Place, Suite 600 North
Merrillville, IN 46410
Attention: Lawrence E. Burnell, Vice President

Copy to: Carol Ann Bowman
1000 East 80th Place, Suite 700 North
Merrillville, IN 46410

6.4. **AUTHORITY.** Lessor and Lessee, by execution of this Agreement, do hereby warrant and represent to each other that they are duly organized and validly existing entities, are qualified to do business in the Commonwealth of Kentucky, have full right, power and authority to enter into this Ground Lease, and that the person signing on behalf of Lessor and Lessee is authorized to do so.

6.5. **SEVERABILITY.** If any provision of this Ground Lease shall be declared invalid or unenforceable, the remainder of the Ground Lease shall continue in full force and effect.

6.6. **ENTIRE UNDERSTANDING.** This Ground Lease, the Development Agreement and the Assumption Agreement represent the entire understanding and agreement between the parties relating to the subject matter hereof and supersedes all prior negotiations and agreements relative thereto. The language in all parts of this Ground Lease shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either Lessor or Lessee. This Ground Lease may be amended only in writing and only by mutual agreement of Lessor and Lessee. Notwithstanding anything to the contrary contained in this Ground Lease, the provisions (including, without limitation, covenants, agreements, representations, warranties, obligations, and liabilities described therein) of the Development Agreement survive the execution and delivery of this Ground Lease and continues to be binding upon the parties thereto.

6.7. **GOOD FAITH.** Except where a party hereto is specifically permitted to act in its sole and absolute discretion, each party hereto agrees to act reasonably and in good faith with respect to the performance and fulfillment of the terms of each and every covenant and condition contained in this Ground Lease.

6.8. **NO PARTNERSHIP.** The parties hereto agree that nothing contained in this Ground Lease shall be deemed or construed as creating a partnership, joint venture, or association between Lessor and Lessee, or cause either party to be responsible in any way for the debts or obligations of the other party, and neither the method of computing Rent nor any other provision contained in this Ground Lease nor any acts of the parties hereto shall be deemed to create any relationship between Lessor and Lessee other than the relationship of landlord and tenant.

6.9. **CONSENTS AND APPROVALS.** Whenever Lessor's approval or consent is required, such approval or consent shall be required to be in writing and Lessor agrees not to unreasonably withhold, condition or delay any such approval or consent. In such cases as Lessor's approval or consent is reasonably withheld or conditioned, Lessor shall state in writing its reasons for its actions with enough specificity in order for Lessee to formulate a response or cure to Lessor's declination or conditions. It is distinctly understood and agreed that the granting of any approval or consent by Lessor to Lessee to perform any act of Lessee requiring Lessor's approval or consent under the terms of this Ground Lease, or the failure on the part of Lessor to object to any such action taken by Lessee without Lessor's approval or consent, shall not be deemed a waiver by Lessor of its rights to require such approval or consent for any further similar act by Lessee, and Lessee hereby expressly covenants and warrants that as to all matters requiring Lessor's approval or consent under the terms of this Ground Lease, Lessee shall secure such approval or consent for each and every happening of the event requiring such approval or consent, and shall not claim any waiver on the part of Lessor of the requirement to secure such approval or consent. Notwithstanding the aforementioned, in the event Lessee petitions Lessor for consent or approval of a particular matter and Lessor fails to respond within the time allotted, then the consent or approval of Lessor shall be deemed to have been granted. If this Ground Lease is silent on the time in which Lessor has to grant its consent or approval, then Lessor shall have thirty (30) days, after receipt of notice from Lessee or the Mortgagee, as the case may be, in which to grant or deny its consent or approval.

6.10. **MEMORANDUM.** The parties hereto, on the request of either of them, shall enter into a memorandum of this Ground Lease, the form of which is set forth in Exhibit "E" attached hereto and made a part hereof, in recordable form, setting forth the identities of Lessor and Lessee, the date of the expiration of the Initial Term, and such other information as Lessor and Lessee shall agree upon. Upon any renewals of this Ground Lease, an amendment to such memorandum shall be executed and recorded reflecting such renewal and the expiration date thereof.

6.11. **NON-LIABILITY OF OFFICIALS OF THE PARTIES.** No official, director, officer, employer, agent of a party shall be charged personally by the other party, its employees, agents, successors or assigns with any liabilities or expenses of defense or be held personally

liable to the other parties under the term or provision of this Ground Lease because of the execution of such person of this Ground Lease or because of any default by a party hereunder.

6.12. **COUNTERPARTS**. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.

[Signature page to follow]

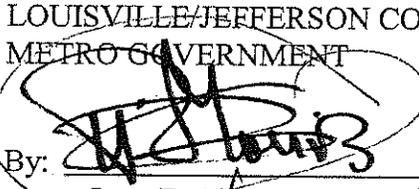
WITNESS the signatures of the authorized representatives of the Lessor and the Lessee effective as of the Effective Date first written above.

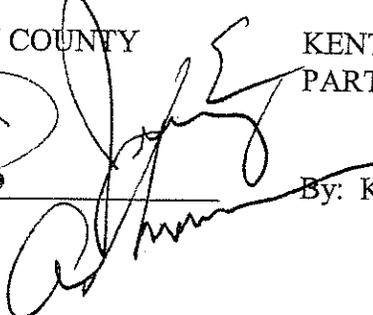
LESSOR:

LESSEE:

LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT

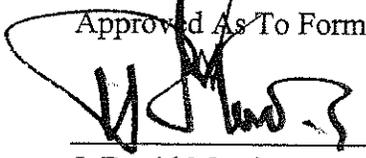
KENTUCKY CONVENTION HOTEL
PARTNERS, LLC

By: 
Jerry E. Abramson,
Mayor

By: 
Kentucky Convention Hotel, Inc.

By: _____
Lawrence E. Burnell
Vice President

Approved As To Form:



J. David Morris
Assistant County Attorney

WITNESS the signatures of the authorized representatives of the Lessor and the Lessee effective as of the Effective Date first written above.

LESSOR:

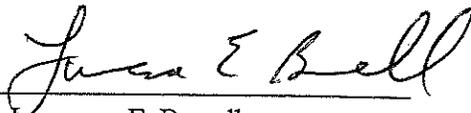
LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT

By: _____
Jerry E. Abramson,
Mayor

LESSEE:

KENTUCKY CONVENTION HOTEL
PARTNERS, LLC

By: Kentucky Convention Hotel, Inc.

By: 

Lawrence E. Burnell
Vice President

Approved As To Form:

J. David Morris
Assistant County Attorney

APPENDIX A

"Abandonment of the Project" means (i) during the construction of the Project, the total and unexcused cessation of construction work by Lessee or the Mortgagee for more than thirty (30) consecutive days, for reasons other than Force Majeure, or (ii) after completion of the Project, the first year anniversary after the date the Lessee ceases to use the Project for the purposes required by Section 7 of this Ground Lease, for reasons other than Force Majeure.

"Adjusted Operating Profit" means the excess of Gross Revenues over the Deductions Incurred in Operating the Project.

"Applicable Laws" means the laws, ordinances and regulations which are applicable to the Premises, the Hotel Improvements and/or Lessee's use thereof and the official rules and requirements of governmental agencies having jurisdictions.

"Area Business" means (i) a holder of a Kentucky sales tax permit collecting tax within the Premises and the Hotel Improvements pursuant to KRS 139.200 or (ii) an employer (as that term is defined in KRS Chapter 141) with a business situs within the Development Area which employs one or more persons to work or to perform services within the Development Area.

"Available Cash Floor After Investment Return" means an amount with respect to each Fiscal Year during the Demised Term of the Ground Lease, equal to the excess, if any, of the Adjusted Operating Profit over the Investment Return.

"Commencement Date" means the date after the Hotel Improvements are built and the Project is open for operation to the general public.

"Commonwealth" means the Commonwealth of Kentucky, acting by and through the Finance and Administration Cabinet

"Convention Center" means that certain real property upon which are located certain improvements known as the Kentucky International Convention Center as more particularly described in the Pedway Deed.

"Deductions Incurred in Operating the Project" means the following:

- a. the cost of sales, including, without limitation, compensation, fringe benefits, payroll taxes, ERISA-related liabilities, pension-fund withdrawal liabilities, and other costs related to Project employees;
- b. departmental expenses incurred at departments within the Project; administrative and general expenses; the cost of marketing incurred by the Project; advertising and business promotion incurred by the Project; heat, light, and power; computer line charges; and routine repairs, maintenance and minor alterations;

- c. the cost of Inventories and Fixed Asset Supplies consumed in the operation of the Project;
- d. reasonable reserve for uncollectible accounts receivable;
- e. all costs and fees of independent professionals or other third parties who are retained to perform services required or permitted hereunder;
- f. all costs and fees of technical consultants, professionals and operational experts who are retained or employed for specialized services (including, without limitation, quality assurance inspectors, personnel providing architectural, technical or procurement services for the Project, tax consultants, and personnel, providing legal services in connection with matters directly involving the Project) and the cost of attendance by employees of the Project at training and manpower development programs sponsored by the Manager or Franchisor;
- g. the amount of base, incentive or other management fees pursuant to the Management Agreement between Lessee and its Project manager "**Manager**";
- h. insurance costs and expenses;
- i. all taxes related to the operation of the Project and all Impositions;
- j. the amount of any transfers into the FF&E Reserve (the "**FF&E Reserve**") required pursuant to Franchise Agreement between the Lessee and Franchisor;
- k. the Project's pro rata share of costs and expenses incurred in connection with marketing programs developed for the Marriott or other Franchisor System where such expenses are not deducted as either departmental expenses under paragraph b above or as Group Services under paragraph l below, including, without limitation, the Honored Guest Award Program and/or the Marriott Rewards Program or any other frequent guest program;
- l. the Project's pro rata share of the charges for Group Services;
- m. such other costs and expenses incurred that are reasonably necessary for the proper and efficient operation of the Project;
- n. an Asset Management Fee calculated as 1% of Gross Revenue; and
- o. any unpaid Investment Return due Lessee for prior fiscal years.

"**Effective Date**" means the date that this Ground Lease is delivered and executed by Lessor and Lessee.

"**Environmental Laws**" means all local, state, or federal laws, rules or regulations to which the Premises are subject and which pertain to environmental regulation, contamination or clean-up, including, without limitation, "CERCLA", "RCRA", applicable state lien or state superlien or applicable environmental clean-up statutes or judicial or administrative decisions or orders.

"**Fair Board**" means the Kentucky State Fair Board, a corporate body of the Commonwealth of Kentucky.

"**Force Majeure**" means any of following events or circumstances: any act of God, unusually inclement weather, fire, earthquake, flood, explosion, action of the elements, war (declared or undeclared), police action, invasion, insurrection, riot, mob violence, sabotage, terrorism, inability to procure, or general shortage of labor, equipment, facilities, materials, or essential utilities, which shortage(s) could not have been reasonably anticipated, strikes, lockouts or other industrial or labor disturbances, actions of labor unions, condemnation, delays in the issuance of permits, delays caused by any act or omission or default of the other party, any court order, judgment or decree or other judicial action finding or adjudging the absence of the ability, right, power or authority of a party to carry out the terms of the Ground Lease or otherwise preventing or enjoining a party from proceeding with its obligations under the Ground Lease, restraint by or of governmental, civil or military authorities, or any other cause which is beyond the reasonable control of a party, whether similar or dissimilar to the foregoing.

"**Franchise Agreement**" means the agreement that Lessee has entered into or will enter into with Marriot, as may be modified, amended, supplemented, restated or replaced from time to time with Marriott or another Franchisor.

"**Franchisor**" means initially Marriott International Inc., its successors and assigns or any other entity that may enter into a Franchise Agreement with Lessee, which entity imposes standards on its franchisees comparable to the Hotel Standards.

"**Gross Revenues**" means all revenues and receipts of every kind derived from operating the Project and all departments and parts thereof, including, but not limited to: income (from both cash and credit transactions) from the rental of guest rooms, telephone charges, stores, offices, exhibit or sales space of every kind; license, lease and concession fees and rentals, (not including gross receipts of licensees, lessees and concessionaires); income from vending machines; income from the Project parking garage; health club membership fees; food and beverage sales; wholesale and retail sales of merchandise; service charges; and proceeds, if any, from business interruption or other loss of income insurance; provided, however, that Gross Revenues shall not include the following: gratuities to employees of the Project; federal, state or municipal excise, sales or use taxes or any other taxes collected directly from patrons or guests or included as part of the sales price of any goods or services; proceeds from the sale of FF&E; interest received or accrued with respect to the funds in the FF&E Reserve or the other operating accounts of the Project; any refunds, rebates, discounts and credits of a similar nature, given, paid or returned in the course of obtaining Gross Revenues or components thereof, provided that all such rebates, refunds, discounts and credits shall be credited to the benefit of the Developer;

insurance proceeds (other than proceeds from business interruption or other loss of income insurance); condemnation proceeds (other than for a temporary taking); or any proceeds from any sale of the Project or from the refinancing of any debt encumbering the Project.

"Hazardous Substance" means any waste, substance or material (a) identified in Section 101(14) of CERCLA, as the same may be amended from time to time, or (b) determined to be hazardous, toxic, a pollutant or contaminant, under any Environmental Laws, including, but not limited to, petroleum and petroleum products.

"Hotel" means a 617 room hotel to be constructed on the Real Estate as part of the Hotel Improvements.

"Hotel Improvements" means the Hotel and the Parking Garage.

"Investment Return" means 16% per annum of the Net Developer Costs.

"Manager" means White Lodging Services Corporation or its successors or assigns or any other entity selected by Lessee from time to time to manage the Hotel.

"Marriott" means the Marriott International, Inc., its successors and assigns.

"Metro" means Louisville/Jefferson County Metro Government.

"Metro's Initial Investment" means including but not limited to its costs to acquire the Real Estate, any and all site preparation costs, the Metro Contribution and the amounts paid to the Lessee from the Public Facilities Funds (as such terms are defined by the Development Agreement).

"Net Developer Costs" means, from time to time, the sum of: (a) Lessee's predevelopment and construction costs for the Project, including both hard and soft costs, which are currently estimated to be between \$68,500,000 and \$70,000,000; and (b) any additional capital expenditures made by Lessee for the Project in excess of the FF&E Reserve.

"Parking Garage" means the parking garage to be constructed on the Real Estate as part of the Hotel Improvements.

"Pedway" means the elevated pedestrian walkway to be built as part of the Project Improvements on or over a portion of the Real Estate described as Airspace and Structures in Exhibit "D" attached hereto and make a part hereof and the Pedway Deed to be used for the purpose of pedestrian access, egress, ingress and passage to and from the Hotel, the State Garage and the Convention Center by Lessee, its agents, employees, licenses, invitees, guests and the general public.

"Pedway Deed" means the Deed of Easement amongst the Commonwealth of Kentucky, acting by and through the Finance and Administration Cabinet, and the Kentucky State Fair

Board, a corporate body of the Commonwealth of Kentucky, as grantors and Metro, as grantee, which is attached hereto as Exhibit "C."

"Project" means the Project as defined in the Development Agreement.

"Project Improvements" means the Hotel Improvements and Pedway.

"Real Estate" means the real estate upon which the Project Improvements will be constructed, as described on Exhibits "B," "C," and "D," attached hereto and incorporated herein.

"Profits Participation Payment" means 25% of the Available Cash Flow After Investment Return.

"State Garage" means that certain real property upon which is located a multi floor parking garage more particularly described in the Pedway Deed.

SCHEDULE A

PROJECT SCHEDULE (Revised as of June 1, 2003)

<u>Responsible Party</u>	<u>Milestone</u>	<u>Date to be Completed</u>
Lessee	Submit design plans for approval	Completed
Lessor	Acquisition of Hotel Site	Completed
Lessor	Demolition & Remediation of Hotel Site	Completed
Lessor and Lessee	Closing on Hotel Ground Lease	Completed
Lessee	Obtain DDRO Approval	Completed
Lessee	Construction Commencement Date	May 12, 2003
Lessee	Substantial completion of Hotel	April 11, 2005
Lessee	Hotel opens for business (" Opening Date ")	May 1, 2005

SCHEDULE B

INSURANCE COVERAGES AND USE OF PROCEEDS

A. **Required Coverages.** Lessee shall, during the entire Demised Term, at Lessee's own cost and expense, carry and maintain, at its sole cost and expense:

1. All-risk insurance on all structures, subject to the co-insurance provisions of the policy coverage on a specified peril basis and subject to reasonable deductibles, but any amounts deducted shall be the responsibility of Lessee, for the Project, Lessee's personal property and trade fixture, with limits sufficient to cover the full replacement cost thereof, covering the Project against damage and destruction by fire, earthquake, flood, vandalism, boiler eruption, and other perils in the amount of the full replacement value of the Project, as such value may increase and decrease from time to time;

2. Commercial general liability insurance, including bodily injury, property damage, contractual products liability, and liquor liability coverage, with the following limits:

General Aggregate	\$5,000,000
Product/Completed Operations Aggregate	1,000,000
Personal Injury & Advertising Injury	1,000,000
Each Occurrence Limit	1,000,000
Fire Damage (Any One Fire)	50,000
Medical Expense (Any One Person)	5,000

subject to reasonable deductibles, but any amounts deducted shall be the responsibility of Lessee;

3. Worker's compensation insurance in accordance with the laws of the State of Indiana, but for no less than:

Bodily Injury by Accident	\$500,000 Each Accident
Bodily Injury by Disease	\$500,000 Policy Limit
Bodily Injury by Disease	\$500,000 Each Employee

4. Automobile liability for owned, non-owned and hired vehicles, including uninsured and underinsured with limits of not less than \$1,000,000 and separate minimum limits of \$100,000 for garagekeepers liability; and

5. A separate policy of umbrella coverage over the coverages referenced in (b), (c) and (d) above, with limits of not less than \$4,000,000 with a retention of not more than \$10,000.

In addition to the above, Lessee agrees to obtain and maintain, or cause to be obtained and maintained, a commercial general liability insurance policy, or appropriate endorsements or riders to existing policies, for liability arising out of the existence, maintenance and operation of the Bridges and the areas of ingress and egress to the Bridges located within the Project, with

limits of coverage no less than Two Million Dollars (\$2,000,000), each policy to name Lessor as and additional insured.

Prior to commencement of any construction of the Project Improvements and until completion thereof, or the Commencement Date, whichever is the last to occur, Lessee shall obtain and maintain Builder's Risk Insurance covering Lessor, Lessee and their respective contractors and subcontractors, as their interests may appear, against loss or damage by fire, vandalism and malicious mischief and such other risks as are customarily covered by a so-called "extended coverage endorsement" of the Project Improvements.

B. Waiver of Subrogation. It is the intent of the parties that the risk of loss or damage arising out of or relating to this Ground Lease should be borne by insurance to the extent of available coverage. Accordingly, Lessor and Lessee waive all rights against each other (and against the agents, employees, representatives and/or insurers of the other) for any loss or damage to any building, structure, or other tangible property, or any resulting loss of income, or losses under worker's compensation laws and benefits, even though such loss or damage might have been occasioned by the negligence of such other party (its agents, employees and/or representatives); provided, however, that: (a) this waiver of rights shall only be applicable to the extent of insurance proceeds actually paid to the parties suffering such lost or damage; and (b) this waiver of rights shall in no way diminish the indemnity obligations of the parties under Section 3.13 of the Ground Lease.

Said waiver of rights shall be in addition to, and not in limitation or derogation of, any other waiver of release contained in any related Development Agreement with respect to any claim of Lessee or Lessor. Inasmuch as the waiver of rights shall mean that neither party shall be liable to the other party hereto or to any insurance company (by way of subrogation or otherwise) and will preclude the assignment of any of such claim(s) (by way of subrogation or otherwise) to an insurance company (or any other person), Lessee and Lessor shall give written notice of the terms of this mutual waiver of rights to their respective insurers and shall have their insurance policies endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of this wavier of rights.

C. Insurance Criteria. All policies of insurance required to be maintained by this Schedule "B" shall be issued by insurance companies licensed to do business in the State of Kentucky, approved by Mortgagee and having an A.M. Best Rating of A-IX or S&P AA-; (b) shall provide that such policies shall not be canceled or materially modified as to scope or amount of coverage, unless thirty (30) days prior written notice is given to Lessor; (c) shall be the primary policies, not contributing with or in excess of the coverage that Lessor may carry; (d) shall be permitted to be maintained within a blanket policy or an umbrella policy; (e) shall be maintained during the entire Demised Term; (f) shall name Lessor as and additional insured, except with respect to the worker's compensation policies; and (g) shall be subject to Mortgagee review and approval for proper limits and coverages upon written request therefor. If no Mortgagee exists, then such insurance shall be in a form reasonably satisfactory to Lessor. All such policies of insurance shall be made out in the name of Lessor, Lessee, and the Mortgagee, as their interests may appear, and shall provide that the loss thereunder shall be payable to the

Insurance Trustee. Lessee further covenants and agrees to pay the reasonable charges of the Insurance Trustee for its services hereunder. Not less than thirty (30) days prior to the expiration of any policy or policies of insurance as required hereunder, Lessee shall pay the premiums for renewal insurance and deliver to the Insurance Trustee the original renewal policies with proof of the payment of the premiums thereon. At the request of Lessor, a duplicate original copy of such policy shall be delivered to Lessor. If Lessee shall at any time fail or neglect to comply with these covenants herein contained relating to the procuring or keeping of insurance, then Lessor may, at its option, after thirty (30) days' notice to Lessee and the Mortgagee, insure the Project Improvements on the Premises and take out the insurance as herein provided. Any costs and expenses incurred by Lessor in connection with procuring or maintaining any such insurance coverage shall be reimbursed to Lessor by Lessee immediately upon demand as additional rent. If at any time the policies or any of them delivered to the Insurance Trustee shall not be in a company approved by the Mortgagee or Lessor, if there be no Mortgagee, Lessee shall replace such policies for other insurance approved by such Mortgagee or Lessor, if there be no Mortgagee, and in default of so doing, Mortgagee or Lessor, if there be no Mortgagee, may, at the option of either, replace any of said policies with other insurance approved by the Mortgagee or Lessor, if there be no Mortgagee, and Lessee agrees to pay the premiums thereon promptly when notified of such change in insurance. Each policy of such insurance shall provide that the same may not be canceled or reduced in coverage without thirty (30) days' advance written notice to Mortgagee and Lessor.

D. Evidence of Insurance. On or before the Commencement Date and upon the date of renewal of the policies of insurance that Lessee is required to maintain pursuant to this Schedule "B", Lessee shall deliver to Lessor certificates of insurance evidencing such insurance. Such certificates shall specify the types and amounts of coverage evidenced thereby, the waiver of subrogation described in Section B above, and the insurance criteria described in Section A above. Lessee shall maintain and renew or replace all policies of insurance for which it is responsible pursuant to this Schedule "B" for the entire Demised Term. The duplicate originals thereof certified by the insurance company shall be delivered to Lessor and the Mortgagee. Copies of all endorsements to any such policy issued after the date of such policy shall be delivered to Lessor.

E. Use of Proceeds. Subject to the terms and conditions set forth in Section 3.16(e) of the Ground Lease, the proceeds of any and all policies of insurance upon the Project Improvements at any time issued under this Schedule "B" shall be used as a trust fund toward the repair, reconstruction, building or rebuilding of such Project Improvements and, to that end, all such policies of insurance shall provide that loss, if any, shall be paid to a national bank having an office in the City of Louisville, Kentucky, designated by Lessee and the Mortgagee as trustee of said insurance (hereinafter referred to as the "**Insurance Trustee**") which is hereby made trustee for the parties hereto and the Mortgagee for that purpose, and said Insurance Trustee is hereby given an insurable interest in the Project to that extent. It is mutually agreed that all insurance monies collected upon any policies covering any Project Improvements at any time located upon the Premises shall be paid over to the Insurance Trustee and shall be held by it and applied as provided in this Ground Lease. Notwithstanding the aforementioned or any other

provision in this Schedule "B" to the contrary, in the event of a Minor Damage as set forth in Section 3.16(e) of the Ground Lease, the insurance proceeds shall be paid directly to Lessee by the insurance company. The Insurance Trustee shall not be responsible for the collection or non-collection of any insurance money in any event but only for such insurance money as shall come into its hands. Lessor, Lessee and any Mortgagee and any other person having an interest under any such insurance policy shall cooperate with and aid the Insurance Trustee in collecting any and all insurance money and will execute and deliver as requested by the Insurance Trustee any and all proofs, receipts, releases and other documents and writings whatsoever which may be necessary or proper for such purpose. In the event that any person having an interest under any such insurance policy shall fail or neglect so to cooperate or to execute, acknowledge and deliver any such instrument, the Insurance Trustee may, as the agent or attorney-in-fact of any such person, execute and deliver any proofs of loss or any other instruments as may seem desirable to the Insurance Trustee for the collection of such insurance monies, and all such persons having obtained an interest in any such insurance policy shall be deemed to have irrevocably nominated, constituted and appointed the Insurance Trustee its proper and legal attorney-in-fact for such purpose.

F. Compliance With Insurance Requirements. Lessee shall not violate or permit to be violated any of the conditions or provisions of any of said insurance policies, and Lessee shall so perform and satisfy the requirements of the companies writing such policies.

G. Leasehold Mortgage Terms. Any Leasehold Mortgage placed upon the Premises or Lessee's interest therein shall contain provisions appropriate to recognize and facilitate the provisions of this Schedule "B" as to the payment, application and use of insurance proceeds; provided, however, Lessor and Lessee agree to amend this Schedule "B" to the extent that the Mortgagee may reasonably require. Notwithstanding anything herein contained, Lessee shall provide, at Lessee's cost and expense, with such additional insurance and in such amounts as may from time to time be reasonably required by the Mortgagee or Lessor, if there be no Mortgagee, as insurance against insurable hazards which from time to time are commonly insured against in the case of premises similarly situated, due to the height, the type, the construction or the use and occupancy of the Project Improvements. If by reason of changed economic conditions or by reason of experience, the Mortgagee or Lessor, if there be no Mortgagee, should determine the insurance amounts referred to in this Schedule "B" hereof to be inadequate, Lessee shall increase the amounts of such insurance carried to the extent that Mortgagee or Lessor, if there be no Mortgagee, may reasonably require.

H. Change of Insurance Trustee. Should the national bank designated as the Insurance Trustee decline to accept such trust, or having accepted such trust, resign as such Insurance Trustee, Lessee and the Mortgagee shall agree upon and designate another national bank having an office in Louisville, Kentucky as such Insurance Trustee, and lacking any such agreement and designation of an Insurance Trustee, the proceeds of any such insurance shall be paid to the Mortgagee holding the first mortgagee lien on the Project, who shall hold such proceeds in trust for the uses and purposes as herein stated, and shall disburse the same in accordance with the requirements as set forth in this Schedule "B".

I. **Blanket Insurance Policies.** Nothing in this Schedule "B" shall prevent Lessee from taking out insurance of the kind and in the amount provided for hereunder under a blanket insurance policy or policies (copies of which shall be delivered to Lessor) which may cover the Project as well as other properties owned or operated by Lessee or the manager of the Project; provided, however, that any such policy of blanket insurance of the kind required shall (i) specify therein, or in a written statement from the insurers under such policies furnished by Lessee to Lessor and the Mortgagee, the amount of the total insurance allocated to the Project Improvements, which amount shall be no less than the amount required by the provisions of this Schedule "B" and (ii) not contain any clause which would require the insured thereunder to carry insurance with respect to the property covered thereby in any particular amount to prevent the insured from becoming a co-insurer of any loss with the insurer under such policy; and further provided, however, that such policies of blanket insurance shall as respects the Project Improvements contain the various provisions required by the provisions of this Schedule "B". Lessee covenants to furnish to Lessor and the Mortgagee within thirty (30) days after the filing thereof with any insurance rate-making body, copies of the schedule of make-up of all property affected by any such policy of blanket insurance.

J. **No Separate Insurance.** Lessee shall not take out separate insurance concurrent in form or contributing in the event of loss with that required by this Ground Lease to be furnished by, or which may reasonably be required to be furnished by, Lessee, unless Lessor and the Mortgagee are included therein as named insureds with any loss payable thereunder to be paid as in this Ground Lease otherwise provided. Lessee shall immediately notify Lessor and the Mortgagee of the taking out of any separate insurance and shall cause a duplicate original copy of such insurance policy to be delivered to Lessor and the Mortgagee, and, in the case of casualty insurance, to the Insurance Trustee.

SCHEDULE C

METRO'S INITIAL INVESTMENT IN THE PROJECT

Incentive Payment	\$27,000,000
Public Facilities Funds	\$5,000,000
Land Acquisition	\$6,129,815
Demolition and Site Preparation	\$996,662
TOTAL	\$39,126,437

SCHEDULE C

METRO'S INITIAL INVESTMENT IN PROJECT
[Not available on Effective Date of Ground Lease]

EXHIBIT A

DEVELOPMENT AGREEMENT

EXHIBIT B

LEGAL DESCRIPTION OF REAL ESTATE

Description of Consolidation

Beginning at the intersection of the South line of Jefferson Street with the East line of Third Street; thence along said East line, South 7 degrees 53 minutes 00 seconds West, 210.00 feet to a point at the intersection of said East line with the North line of Liberty Street; thence along said North line, South 82 degrees 05 minutes 12 seconds East, 379.46 feet to a point at the intersection of said North line with the West line of Second Street as widened; thence along said West line North 7 degrees 50 minutes 01 seconds East, 210.00 feet to the intersection of said West line with the South line of Jefferson Street; thence with said South line, North 82 degrees 05 minutes 12 seconds West, 379.27 feet to the point of beginning containing 79,666.54 square feet.

Being a consolidation of the remaining property acquired by the LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT, Successor to the City of Louisville, by Deed dated March 31, 2003, of record in Deed Book 8103, Page 769 (Tax Lot 101), by Deed dated February 28, 2003, recorded in Deed Book 8078, Page 175 (Tax Lot 100), by Deed dated January 29, 2003, recorded in Deed Book 8058, Page 349 (Tax Lots 93, 106, 148, 176, 177 and 178), by Deed dated January 16, 2003, recorded in Deed Book 8050, Page 945, and re-recorded in Deed Book 8086, Page 194 (Tax Lots 95, 96, 98, 99, 104, 105, 179 and 180), by Deed dated January 3, 2003, recorded in Deed Book 8040, Page 9 (Tax Lot 103), and by Deed dated February 12, 2003, recorded in Deed Book 8069, Page 502 (Tax Lot 102), in the Office of the Clerk of Jefferson County, Kentucky, excepting the following described property added to the right of way of Second Street:

Beginning at the intersection of the original West line of Second Street with the North line of Liberty Street; thence along said North line, North 82 degrees 05 minutes 12 seconds West, 40.54 feet to a point at the New West line of Second Street as widened; thence leaving said North line along the New line of Second Street, North 7 degrees 50 minutes 01 seconds East, 210.00 feet to a point in the South line of Jefferson Street; thence along said South line South 82 degrees 05 minutes 12 seconds East, 40.73 feet to the point of intersection with the original West line of Second Street; thence along said original West line South 7 degrees 53 minutes 00 seconds West, 210.00 feet to the point of beginning, containing 8,533.43 square feet.

EXHIBIT C

DEED OF EASEMENT

This Deed of Easement ("Deed") is made on _____, 2003, among the **COMMONWEALTH OF KENTUCKY**, acting by and through the **FINANCE AND ADMINISTRATION CABINET**, and the **KENTUCKY STATE FAIR BOARD**, a corporate body of the Commonwealth of Kentucky ("Grantors") and **LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**, a Kentucky local government, 527 West Jefferson Street, Louisville, Kentucky 40202 ("Grantee").

WITNESSETH:

WHEREAS, Grantors own certain real property upon which are located certain improvements known as the Kentucky International Convention Center ("Center Building") more particularly described in Exhibit A ("Center Property") and own certain real property upon which is located a multi-floor parking garage ("Garage Building") more particularly described in Exhibit B ("Garage Property"); the Center Property and Garage Property being collectively referred to as the "Burdened Properties"; and

WHEREAS, Grantee owns certain real property more particularly described in Exhibit C ("Benefitted Property") and such Benefitted Property is separated from the Center Property by Jefferson Street and from the Garage Property by Third Street; and

WHEREAS, Grantee has entered into a Development Agreement with a certain developer ("Developer") to lease the Benefitted Property to Developer which will construct upon the Benefitted Property a Convention Center Hotel ("Hotel"); and

WHEREAS, Grantors believe that the construction of the Hotel will provide a significant benefit to the Center Property and therefore Grantors desire to encourage and provide assistance for the Hotel; and

WHEREAS, it is intended that Developer, on behalf of the Grantee shall construct an elevated pedway across Third Street from the Benefitted Property to the Garage Property ("Third Street Pedway"), an elevated pedway across Jefferson Street from the Garage Property to the Center Building ("Jefferson Street Pedway") and an elevated walkway on the outside of the Garage Property connecting the Third Street Pedway to the Jefferson Street Pedway ("Garage Pedway"), all as illustrated on the plat attached hereto as Exhibit D (collectively referred to as "Pedways"); and

WHEREAS, Grantors desire to grant to Grantee exclusive perpetual easements upon the surfaces of the Garage Building and the Center Building as provided herein for the purpose of constructing, installing, operating and maintaining the Pedways in accordance with the terms and conditions of this Easement.

NOW, THEREFORE, for and in consideration of **One (\$1.00) Dollar**, the receipt and adequacy of which is hereby acknowledged, Grantors grant and convey to Grantee, its successors and assigns forever, the following easements:

1. A permanent exclusive easement over such portion of the southern facade of the Center Building as shown on Exhibit E, which easement shall include the right to remove a portion of the exterior of the Center Building in the area of the easement and to connect the structure of the Jefferson Street Pedway to the structure of the Center Building ("Center Easement").

2. Permanent exclusive easements over the eastern facade of the Garage Building in order to attach the Third Street Pedway, over the northern facade of the Garage Building to attach the Jefferson Street Pedway and over the eastern and northern facades of the Garage Building to attach the Garage Pedway as shown on Exhibit F, which easements shall include the right to attach the structures of the Third Street Pedway, the Jefferson Street Pedway and the Garage Pedway to the structure and supports of the Garage Building ("Garage Easements").

Said Easements are granted in accordance with the following terms and conditions:

1. **No Obstructions.** No structure shall be placed in or allowed to encroach upon the Easements without Grantee's prior written approval. Provided, however, that Grantee agrees that the Easements shall not affect the rights or interest of other public service companies or any other entity which may in the past, present or future co-exist with Grantee on the Burdened Properties provided that such rights or interests of such public service companies or other entities as may be granted in the future shall not materially interfere with Grantee's rights herein granted to Grantee.

2. **Construction and Maintenance.** Grantee, its successors, lessees or assigns, shall be responsible for constructing and maintaining the improvements located in the Center Easement and the Garage Easements in good condition and repair, and all costs and expenses related to such maintenance and repair shall be borne entirely by Grantee, its successors, lessees or assigns. Grantee agrees that any work required or performed pursuant to this Deed shall be done in accordance with standards and specifications as determined by Grantors necessary to maintain and preserve the structural integrity of the Burdened Properties, and shall be conducted so as to promote and preserve public safety and general welfare of the citizens of the Commonwealth of Kentucky. Grantee further agrees that plans for work to be performed on the Burdened Properties shall be approved by the Grantors prior to beginning any work. Grantee agrees that any work it undertakes on the Easements shall be accomplished with a minimum of disruption and interference with Grantors' use and occupancy of the Burdened Properties. Grantors agree that Grantee may grant to other parties the right to use the Easements created hereby for the construction, reconstruction, maintenance, alteration, replacement and removal of improvements on the Easements.

3. **Compliance with Laws.** Grantee agrees to comply with all federal, state and local statutes, ordinances, rules and regulations which may pertain or apply to the Easements.

4. **No Merger.** Grantors declare that there shall be no merger of title to the Burdened Properties and the Benefitted Property or the Easements herein granted, the purpose of this Deed being to establish on the real estate records the Easements which shall be binding upon the Grantors, their successors and assigns, for the benefit of the owner of the Benefitted Property, its successors and assigns.

5. **Indemnity and Liability.**

(A) Grantee shall indemnify and hold harmless Grantors and any of their employees from and against any and all claims, liability, loss, damage and expense, including costs and attorneys' fees, for bodily injury, sickness, disease or death, or injury or destruction of tangible property, including the use thereof, arising out of or in any way related to Grantee's use or enjoyment of the Easements, including without limitation, the negligent act or omission of Grantee or its contractor, subcontractor, or anyone directly or indirectly employed by any of them in connection with the Easements.

(B) Grantee, its successors or assigns, shall purchase and maintain commercial general liability insurance in an amount of not less than **One Million Five Hundred Thousand Dollars (\$1,500,000.00)** with an insurance company approved by Grantors.

6. **Termination.**

(A) The Easements may be terminated in whole or in part upon Grantors' exercise of the power of eminent domain against all or a portion of the Easements pursuant to applicable statutory, common law, and regulatory requirements. Upon Grantors' exercise of such powers, the Easements shall be terminated with respect to such portions of the Easements being taken following a period of 180 days from Grantors' final notice to Grantee of said condemnation action. Grantee hereby waives and releases any and all rights it may have to claim any award, compensation or damages against Grantors for the value of the Easements and agrees to seek as compensation for the taking only the depreciated value of the Pedways or portions thereof if it is required to be removed. It is understood and agreed that this waiver and release is part of the consideration to Grantors in granting the Easements to Grantee.

(B) Notwithstanding any other provision of this Deed, the parties agree that if Grantee, its successors and assigns, shall intentionally abandon and cease using the Easements for any of the purposes stated herein for a period of 365 consecutive days, then this Easement and the Easements may be terminated by Grantors upon written notice to Grantee. Upon such termination, neither party shall have any further rights or obligations hereunder.

7. **Assignment.** Grantee shall have the right to assign any or all of its interests in the Easements, without obtaining approval of the Grantor, to any lessor of the Benefitted Property.

TO HAVE AND TO HOLD the Easements to Grantee, its successors and assigns forever, it being agreed that the Easements hereby granted are appurtenant to, run with and benefit the land herein described as the Benefitted Property and burdens the land herein described as the Burdened Properties. Grantors covenant that they are seized of the Burdened Properties in fee and have full right and power to convey the Easements, subject only to outstanding encumbrances, if any, of record.

WITNESS the signature of the parties as of the above date, but actually on the dates set forth in the notarial certificates below.

GRANTORS:

**COMMONWEALTH OF KENTUCKY,
acting by and through the FINANCE AND
ADMINISTRATION CABINET**

By: _____
Title: _____
Date: _____

**KENTUCKY STATE FAIR BOARD, a
corporate body of the Commonwealth
of Kentucky**

By: _____
Title: _____
Date: _____

GRANTEE:

**LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT**

By: _____
**Jerry E. Abramson
Mayor**

Date: _____

COMMONWEALTH OF KENTUCKY)
(SS:
COUNTY OF JEFFERSON)

The foregoing Deed of Easement was acknowledged before me this _____ day of _____, 2003, by _____ as _____ of the Commonwealth of Kentucky, acting by and through the Finance and Administration Cabinet, Grantor herein.

My Commission Expires: _____.

Notary Public

COMMONWEALTH OF KENTUCKY)
(SS:
COUNTY OF JEFFERSON)

The foregoing Deed of Easement was acknowledged before me this _____ day of _____, 2003, by _____ as _____ of the Kentucky State Fair Board, a corporate body of the Commonwealth of Kentucky, Grantor herein.

My Commission Expires: _____.

Notary Public

COMMONWEALTH OF KENTUCKY)
)SS:
COUNTY OF JEFFERSON)

The foregoing Deed of Easement was acknowledged before me this _____ day of _____, 2003, by Jerry E. Abramson as Mayor of the Louisville/Jefferson County Metro Government, a local government, Grantee herein.

My Commission Expires: _____

Notary Public

This Instrument Prepared By:

J. David Morris
Assistant County Attorney
444 South Fifth Street
Second Floor
Louisville KY 40202
(502) 574-3511

EXHIBIT D

DESCRIPTION OF AIRSPACE AND STRUCTURES

All that volume of airspace extending across and above 3rd Street, between Jefferson Street and Liberty Street in Louisville, Jefferson County, Kentucky, the lower plane an elevation of approximately 481.57 feet and the upper plane an elevation of approximately 500.82 feet, extending a width of 5.25 feet from the centerline being more particularly described as follows:

Beginning at a point in the East line of 3rd Street as measured from the South line of Jefferson Street, South 7 degrees 53 minutes 00 seconds West, 57.83 feet, said point being the centerline; thence North 82 degrees 05 minutes 08 seconds West, approximately 60 feet to a point, said point being the face of the existing parking garage owned by the Commonwealth of Kentucky.

AND

All that volume of airspace extending across and above Jefferson Street within the 3rd Street right of way if extended, in Louisville, Jefferson County, Kentucky, and above 3rd Street along its West line between Jefferson Street and Liberty Street, the lower plane of which extends above and across Jefferson Street an elevation of approximately 483.13 feet and the upper plane an elevation of approximately 502.34 feet, the lower plane of which extends above 3rd Street an elevation of approximately 473.23 feet and the upper plane an elevation of approximately 502.34 feet, extending from the centerline a width of 5.25 feet, said centerline more particularly described as follows:

Beginning at a point in the East line of 3rd Street, said point being South 7 degrees 53 minutes 00 seconds West, 57.83 feet as measured from the South line of Jefferson Street; thence North 82 degrees 05 minutes 08 seconds West, along the aforementioned centerline approximately 53.40 feet to the TRUE POINT OF BEGINNING; thence along a new centerline North 7 degrees 54 minutes 50 seconds East, 128.32 feet to a point, said point being the South face of the existing Kentucky International Convention Center.

AND

That certain support wall along the West line of 3rd Street, extending from the surface of 3rd Street a height of approximately 40 feet, beginning at the point of intersection of the West line of 3rd Street with the South line of Jefferson Street, extending South approximately 65 feet along said West line of 3rd Street, a width of approximately 2 feet, located in Louisville, Jefferson County, Kentucky.

AND

That certain support wall along the North line of Jefferson Street extending from the surface of Jefferson Street a height of approximately 24 feet, beginning at the point of intersection of the North line of Jefferson Street with the west line of 3rd Street, extending West approximately 12 feet along said North line of Jefferson Street, a width of approximately 2.00 feet, located in Louisville, Jefferson County, Kentucky.

EXHIBIT E

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE ("Memorandum") is made and entered into this ___ day of June, 2003, by and between the **LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT** ("Metro"), a Kentucky local government, having its principal office at 401 West Main Street, Louisville, Kentucky 40202 (hereafter "**Lessor**") and **KENTUCKY CONVENTION HOTEL PARTNERS, LLC**, an Indiana limited liability company, having its principal office at 1000 East 80th Place, Suite 600 North, Merrillville, Indiana 46410 (hereafter "**Lessee**").

RECITALS:

A. Tourism and conventions provide significant economic benefits for the Lessor in creating jobs and generating tax revenues.

B. The Lessor has determined that in order to sustain and promote growth in the convention industry in the Lessor it is necessary to attract a new first class convention hotel adjacent to the Kentucky International Convention Center, owned by the Kentucky State Fair Board ("**Convention Center**").

C. The Lessor issued a Request for Development Proposals, dated January 2001 ("**RFP**") to solicit proposals for the development of a convention hotel.

D. After analyzing the several proposals submitted in response to the RFP, the Lessor selected the proposal of Kentucky Convention Hotel, Inc. and REI Investments, Inc. (collectively "**Developers**") as being in the best interests of the Lessor.

E. Developers proposed to construct the Hotel Improvements and Pedway (each defined below) on the real estate legally described in Exhibit A attached hereto and made a part hereof (the "**Real Estate**") which is located in the block bounded by South Second Street, South 3rd Street, West Jefferson Street and West Liberty Street in Louisville, Jefferson County, Kentucky, and is adjacent to the Convention Center, on the condition that the Lessor provides certain financial incentives to Developers.

F. The Lessor and Developers entered into an Inducement Agreement, dated December 18, 2001, outlining the Developers' and Lessor's respective obligations.

G. The Lessor has determined that the construction of the Hotel Improvements and Pedway in accordance with the terms of the Development Agreement will further the public purposes of the Lessor, promote the development of the downtown Louisville area and further the goal of making downtown Louisville a place to live, work, play and learn.

H. The Lessor and Developers entered into that certain Development Agreement dated April 23, 2002, as subsequently amended by that certain First Amendment to Development Agreement, dated November 27, 2002 (herein collectively referred to as the "**Development Agreement**") to establish the terms and conditions under which each will undertake to perform its respective obligations with respect to the Hotel.

I. Pursuant to the Development Agreement, Lessor agreed to lease to Developers the Premises (as defined below) and Developers agreed to construct upon the Premises a first class convention center hotel and underground garage ("**Hotel Improvements**") and an elevated pedway ("**Pedway**") across 3rd Street and Jefferson Street to connect the Hotel to a multi-floor parking garage owned by the Commonwealth of Kentucky and thereafter to the Convention Center in accordance with the terms and conditions set forth in the Development Agreement.

J. The Board of Aldermen of the Lessor approved the lease of the Premises to the Lessee by Resolution No. 23, Series 2002, adopted February 12, 2002, and Resolution No. 245, Series 2002, adopted November 26, 2002.

K. Developers have assigned all of their right, title and interest in the Development Agreement and the Project described therein to the Lessee hereof, and the Lessee hereof has assumed all the obligations of the Developers under the Development Agreement, and Lessor has consented to such assumption, pursuant to that certain Assignment and Assumption Agreement of even date herewith ("**Assumption Agreement**").

L. In furtherance of the Development Agreement and the Assumption Agreement, Lessor and Lessee desire to enter into a certain Ground Lease of even date herewith (the "**Ground Lease**") in order for Lessee to develop the Real Estate in accordance with the Development Agreement and Assumption Agreement.

M. Lessor and Lessee desire to enter into and record this Memorandum to acknowledge the obligations and covenants set for the Ground Lease.

NOW, THEREFORE, in furtherance of the Development Agreement and Assumption Agreement, and in consideration of the premises and mutual obligations of the parties thereto and under the Ground Lease, Lessor and Lessee each hereby covenants and agrees with the other as follows:

(Remainder of this page intentionally left blank)

ESSENTIAL GROUND LEASE PROVISIONS

1. **LESSOR AND ITS MAILING ADDRESS.** The Lessor under the Ground Lease is the Louisville/Jefferson County Metro Government, a Kentucky local government, having its principal office at 401 W. Main Street, Louisville, Kentucky 40202.

2. **LESSEE AND ITS MAILING ADDRESS.** The Lessee under the Ground Lease is Kentucky Convention Hotel Partners, LLC, an Indiana limited liability company, with its mailing address at 1000 East 80th Place, Suite 600 North, Merrillville, Indiana 46410.

3. **PREMISES.** The Premises leased to Lessee pursuant to the Ground Lease includes each of the following (i) the Real Estate described in the attached Exhibit "A:" (ii) the airspace and support structures crossing 3rd Street and Jefferson Street in Louisville, Kentucky, as particularly described in Exhibit "B" attached hereto and made a part hereof (the "**Airspace and Structures**"); (iii) the Pedway to be constructed within and on the Airspace and Structures; and (iv) the real estate and rights thereto as described in the hereinafter acquired Pedway Easement (defined below) (collectively such (i), (ii), (iii), and (iv) are referred to herein as the "**Premises**"), excluding the Hotel Improvements that may from time to time be constructed by Lessee and located on the Real Estate.

4. **DEMISED TERM.** The Initial Term of the Ground Lease commences on the date hereof and shall continue for a period of 50 years ("**Initial Term**"), subject to Lessee's option to extend the Initial Term, described in paragraph 5 below.

5. **OPTIONS TO RENEW.** Subject to the specific provisions of the Ground Lease, Lessee has four (4) options to renew and extend the term of the Ground Lease for four (4) additional successive periods of twenty-five (25) years each immediately following the expiration date of then expiring term.

6. **PEDWAY EASEMENT.** As provided in the Ground Lease, Lessor shall enter into a Deed for Easement in the form set forth in Exhibit "C" attached hereto and made a part hereof (the "**Pedway Deed**"). As such time as the Pedway Deed is recorded, all of Lessor's rights, title and interest granted in and under the Pedway Deed (the "**Pedway Easement**") shall automatically become part of and incorporated into the Premises leased by Lessor to Lessee under the Ground Lease.

THIS MEMORANDUM IS PREPARED FOR RECORDING TO PUT ALL PERSONS ON NOTICE OF THE EXISTENCE OF THE GROUND LEASE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THE GROUND LEASE. THE FOREGOING IS INTENDED AS A SUMMARY ONLY TO PROVIDE NOTICE OF CERTAIN GROUND LEASE PROVISIONS, AND DOES NOT LIMIT OR OTHERWISE AFFECT THE FULL PROVISIONS OF THE GROUND LEASE.

(Signature pages to follow)

**LESSEE:
KENTUCKY CONVENTION HOTEL
PARTNERS, LLC**

By: Kentucky Convention Hotel, Inc.
Managing Member

By: _____
Lawrence E. Burnell, Vice President

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public in and for said County and State, personally appeared **Lawrence E. Burnell, the Vice President of Kentucky Convention Hotel, Inc., acting as the Managing Member of Kentucky Convention Hotel Partners, LLC**, an Indiana limited liability company, who acknowledged the execution of the foregoing instrument for and on behalf of Kentucky Convention Hotel Partners, LLC.

Witness my hand and Notarial Seal this ____ day of June, 2003.

Signature

Printed

Notary Public

My Commission Expires:

County of Residence:

This Instrument Prepared By:

Timothy W. Sullivan, Esq.
Ice Miller
One American Square
Box 82001
Indianapolis, Indiana 46282-0002
(317) 236-2161

EXHIBIT A

TO MEMORANDUM OF GROUND LEASE

Intentionally Omitted

EXHIBIT B

TO MEMORANDUM OF GROUND LEASE

Intentionally Omitted

EXHIBIT C

TO MEMORANDUM OF GROUND LEASE

Intentionally Omitted

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MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE ("Memorandum") is made and entered into this 26th day of June, 2003, by and between the LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT ("Metro"), a Kentucky local government, having its principal office at 401 West Main Street, Louisville, Kentucky 40202 (hereafter "Lessor") and KENTUCKY CONVENTION HOTEL PARTNERS, LLC, an Indiana limited liability company, having its principal office at 1000 East 80th Place, Suite 600 North, Merrillville, Indiana 46410 (hereafter "Lessee").

RECITALS:

A. Tourism and conventions provide significant economic benefits for the Lessor in creating jobs and generating tax revenues.

B. The Lessor has determined that in order to sustain and promote growth in the convention industry in the Lessor it is necessary to attract a new first class convention hotel adjacent to the Kentucky International Convention Center, owned by the Kentucky State Fair Board ("Convention Center").

C. The Lessor issued a Request for Development Proposals, dated January 2001 ("RFP") to solicit proposals for the development of a convention hotel.

D. After analyzing the several proposals submitted in response to the RFP, the Lessor selected the proposal of Kentucky Convention Hotel, Inc. and REI Investments, Inc. (collectively "Developers") as being in the best interests of the Lessor.

E. Developers proposed to construct the Hotel Improvements and Pedway (each defined below) on the real estate legally described in Exhibit A attached hereto and made a part hereof (the "Real Estate") which is located in the block bounded by South Second Street, South 3rd Street, West Jefferson Street and West Liberty Street in Louisville, Jefferson County, Kentucky, and is adjacent to the Convention Center, on the condition that the Lessor provides certain financial incentives to Developers.

F. The Lessor and Developers entered into an Inducement Agreement, dated December 18, 2001, outlining the Developers' and Lessor's respective obligations.

G. The Lessor has determined that the construction of the Hotel Improvements and Pedway in accordance with the terms of the Development Agreement will further the public purposes of the Lessor, promote the development of the downtown Louisville area and further the goal of making downtown Louisville a place to live, work, play and learn.

H. The Lessor and Developers entered into that certain Development Agreement dated April 23, 2002, as subsequently amended by that certain First Amendment to Development Agreement, dated November 27, 2002 (herein collectively referred to as the "Development Agreement") to establish the terms and conditions under which each will undertake to perform its respective obligations with respect to the Hotel.

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I. Pursuant to the Development Agreement, Lessor agreed to lease to Developers the Premises (as defined below) and Developers agreed to construct upon the Premises a first class convention center hotel and underground garage ("**Hotel Improvements**") and an elevated pedway ("**Pedway**") across 3rd Street and Jefferson Street to connect the Hotel to a multi-floor parking garage owned by the Commonwealth of Kentucky and thereafter to the Convention Center in accordance with the terms and conditions set forth in the Development Agreement.

J. The Board of Aldermen of the Lessor approved the lease of the Premises to the Lessee by Resolution No. 23, Series 2002, adopted February 12, 2002, and Resolution No. 245, Series 2002, adopted November 26, 2002.

K. Developers have assigned all of their right, title and interest in the Development Agreement and the Project described therein to the Lessee hereof, and the Lessee hereof has assumed all the obligations of the Developers under the Development Agreement, and Lessor has consented to such assumption, pursuant to that certain Assignment and Assumption Agreement of even date herewith ("**Assumption Agreement**").

L. In furtherance of the Development Agreement and the Assumption Agreement, Lessor and Lessee desire to enter into a certain Ground Lease of even date herewith (the "**Ground Lease**") in order for Lessee to develop the Real Estate in accordance with the Development Agreement and Assumption Agreement.

M. Lessor and Lessee desire to enter into and record this Memorandum to acknowledge the obligations and covenants set for the Ground Lease.

NOW, THEREFORE, in furtherance of the Development Agreement and Assumption Agreement, and in consideration of the premises and mutual obligations of the parties thereto and under the Ground Lease, Lessor and Lessee each hereby covenants and agrees with the other as follows:

(Remainder of this page intentionally left blank)

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ESSENTIAL GROUND LEASE PROVISIONS

1. **LESSOR AND ITS MAILING ADDRESS.** The Lessor under the Ground Lease is the Louisville/Jefferson County Metro Government, a Kentucky local government, having its principal office at 401 W. Main Street, Louisville, Kentucky 40202.

2. **LESSEE AND ITS MAILING ADDRESS.** The Lessee under the Ground Lease is Kentucky Convention Hotel Partners, I.L.C., an Indiana limited liability company, with its mailing address at 1000 East 80th Place, Suite 600 North, Merrillville, Indiana 46410.

3. **PREMISES.** The Premises leased to Lessee pursuant to the Ground Lease includes each of the following (i) the Real Estate described in the attached Exhibit "A," (ii) the airspace and support structures crossing 3rd Street and Jefferson Street in Louisville, Kentucky, as particularly described in Exhibit "B" attached hereto and made a part hereof (the "Airspace and Structures"); (iii) the Pedway to be constructed within and on the Airspace and Structures; and (iv) the real estate and rights thereto as described in the hereinafter acquired Pedway Easement (defined below) (collectively such (i), (ii), (iii), and (iv) are referred to herein as the "Premises"), excluding the Hotel Improvements that may from time to time be constructed by Lessee and located on the Real Estate.

4. **DEMISED TERM.** The Initial Term of the Ground Lease commences on the date hereof and shall continue for a period of 50 years ("Initial Term"), subject to Lessee's option to extend the Initial Term, described in paragraph 5 below.

5. **OPTIONS TO RENEW.** Subject to the specific provisions of the Ground Lease, Lessee has four (4) options to renew and extend the term of the Ground Lease for four (4) additional successive periods of twenty-five (25) years each immediately following the expiration date of then expiring term.

6. **PEDWAY EASEMENT.** As provided in the Ground Lease, Lessor shall enter into a Deed for Easement in the form set forth in Exhibit "C" attached hereto and made a part hereof (the "Pedway Deed"). As such time as the Pedway Deed is recorded, all of Lessor's rights, title and interest granted in and under the Pedway Deed (the "Pedway Easement") shall automatically become part of and incorporated into the Premises leased by Lessor to Lessee under the Ground Lease.

THIS MEMORANDUM IS PREPARED FOR RECORDING TO PUT ALL PERSONS ON NOTICE OF THE EXISTENCE OF THE GROUND LEASE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THE GROUND LEASE. THE FOREGOING IS INTENDED AS A SUMMARY ONLY TO PROVIDE NOTICE OF CERTAIN GROUND LEASE PROVISIONS, AND DOES NOT LIMIT OR OTHERWISE AFFECT THE FULL PROVISIONS OF THE GROUND LEASE.

(Signature pages to follow)

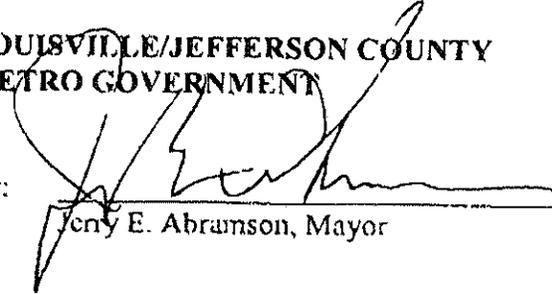
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IN WITNESS WHEREOF, the parties hereto have executed, in counterparts, this Memorandum of Ground Lease as of the day and year first above written.

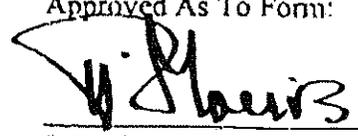
LESSOR:

LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT

By:


Jerry E. Abramson, Mayor

Approved As To Form:


J. David Morris

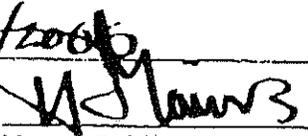
COMMONWEALTH OF KENTUCKY)
STATE-AT-LARGE)

) SS:
)

I, the undersigned, a Notary Public in and for the State-at-Large, Kentucky, do hereby certify that on this day the foregoing document was produced, executed, and acknowledged before me by Jerry E. Abramson, Mayor, Louisville/Jefferson County Metro Government, a Kentucky local government, to be his free act and deed on behalf of the local government.

Witness my hand this 25th day of June, 2003.

My Commission Expires: 9/3/2006


Notary Public, State-at-Large, KY

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LESSEE:
KENTUCKY CONVENTION HOTEL
PARTNERS, LLC

By: Kentucky Convention Hotel, Inc.
Managing Member

By: Lawrence E. Burnell
Lawrence E. Burnell, Vice President

STATE OF INDIANA)
 LAKE) SS:
COUNTY OF MARTIN)

Before me, a Notary Public in and for said County and State, personally appeared Lawrence E. Burnell, the Vice President of Kentucky Convention Hotel, Inc., acting as the Managing Member of Kentucky Convention Hotel Partners, LLC, an Indiana limited liability company, who acknowledged the execution of the foregoing instrument for and on behalf of Kentucky Convention Hotel Partners, LLC.

Witness my hand and Notarial Seal this 4th day of June, 2003.

Marguerite E. Drake
Signature

Marguerite E. Drake
Printed Notary Public

My Commission Expires:
02-26-09

County of Residence:
Lake

This Instrument Prepared By:
Timothy W. Sullivan
Timothy W. Sullivan, Esq.
Ice Miller
One American Square
Box 82001
Indianapolis, Indiana 46282-0002
(317) 236-2161

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EXHIBIT A**DESCRIPTION OF REAL ESTATE**

Description of Consolidation

Beginning at the intersection of the South line of Jefferson Street with the East line of Third Street; thence along said East line, South 7 degrees 53 minutes 00 seconds West, 210.00 feet to a point at the intersection of said East line with the North line of Liberty Street; thence along said North line, South 82 degrees 05 minutes 12 seconds East, 379.46 feet to a point at the intersection of said North line with the West line of Second Street as widened; thence along said West line North 7 degrees 50 minutes 01 seconds East, 210.00 feet to the intersection of said West line with the South line of Jefferson Street; thence with said South line, North 82 degrees 05 minutes 12 seconds West, 379.27 feet to the point of beginning containing 79,666.54 square feet.

Being a consolidation of the remaining property acquired by the LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT, Successor to the City of Louisville, by Deed dated March 31, 2003, of record in Deed Book 8103, Page 769 (Tax Lot 101), by Deed dated February 28, 2003, recorded in Deed Book 8078, Page 175 (Tax Lot 100), by Deed dated January 29, 2003, recorded in Deed Book 8058, Page 349 (Tax Lots 93, 106, 148, 176, 177 and 178), by Deed dated January 16, 2003, recorded in Deed Book 8050, Page 945, and re-recorded in Deed Book 8086, Page 194 (Tax Lots 95, 96, 98, 99, 104, 105, 179 and 180), by Deed dated January 3, 2003, recorded in Deed Book 8040, Page 9 (Tax Lot 103), and by Deed dated February 12, 2003, recorded in Deed Book 8069, Page 502 (Tax Lot 102), in the Office of the Clerk of Jefferson County, Kentucky, excepting the following described property added to the right of way of Second Street:

Beginning at the intersection of the original West line of Second Street with the North line of Liberty Street; thence along said North line, North 82 degrees 05 minutes 12 seconds West, 40.54 feet to a point at the New West line of Second Street as widened; thence leaving said North line along the New line of Second Street, North 7 degrees 50 minutes 01 seconds East, 210.00 feet to a point in the South line of Jefferson Street; thence along said South line South 82 degrees 05 minutes 12 seconds East, 40.73 feet to the point of intersection with the original West line of Second Street; thence along said original West line South 7 degrees 53 minutes 00 seconds West, 210.00 feet to the point of beginning, containing 8,533.43 square feet.

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EXHIBIT B**DESCRIPTION OF AIRSPACE AND STRUCTURES**

All that volume of airspace extending across and above 3rd Street, between Jefferson Street and Liberty Street in Louisville, Jefferson County, Kentucky, the lower plane an elevation of approximately 481.57 feet and the upper plane an elevation of approximately 500.82 feet, extending a width of 5.25 feet from the centerline being more particularly described as follows:

Beginning at a point in the East line of 3rd Street as measured from the South line of Jefferson Street, South 7 degrees 53 minutes 00 seconds West, 57.83 feet, said point being the centerline; thence North 82 degrees 05 minutes 08 seconds West, approximately 60 feet to a point, said point being the face of the existing parking garage owned by the Commonwealth of Kentucky.

AND

All that volume of airspace extending across and above Jefferson Street within the 3rd Street right of way if extended, in Louisville, Jefferson County, Kentucky, and above 3rd Street along its West line between Jefferson Street and Liberty Street, the lower plane of which extends above and across Jefferson Street an elevation of approximately 483.13 feet and the upper plane an elevation of approximately 502.34 feet, the lower plane of which extends above 3rd Street an elevation of approximately 473.23 feet and the upper plane an elevation of approximately 502.34 feet, extending from the centerline a width of 5.25 feet, said centerline more particularly described as follows:

Beginning at a point in the East line of 3rd Street, said point being South 7 degrees 53 minutes 00 seconds West, 57.83 feet as measured from the South line of Jefferson Street; thence North 82 degrees 05 minutes 08 seconds West, along the aforementioned centerline approximately 53.40 feet to the TRUE POINT OF BEGINNING; thence along a new centerline North 7 degrees 54 minutes 50 seconds East, 128.32 feet to a point, said point being the South face of the existing Kentucky International Convention Center.

AND

That certain support wall along the West line of 3rd Street, extending from the surface of 3rd Street a height of approximately 40 feet, beginning at the point of intersection of the West line of 3rd Street with the South line of Jefferson Street, extending South approximately 65 feet along said West line of 3rd Street, a width of approximately 2 feet, located in Louisville, Jefferson County, Kentucky.

AND

That certain support wall along the North line of Jefferson Street extending from the surface of Jefferson Street a height of approximately 24 feet, beginning at the point of intersection of the North line of Jefferson Street with the west line of 3rd Street, extending West approximately 12 feet along said North line of Jefferson Street, a width of approximately 2.00 feet, located in Louisville, Jefferson County, Kentucky.

Exhibit B

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EXHIBIT C**FORM OF DEED OF EASEMENT****DEED OF EASEMENT**

This Deed of Easement ("Deed") is made on _____, 2003, among the **COMMONWEALTH OF KENTUCKY**, acting by and through the **FINANCE AND ADMINISTRATION CABINET**, and the **KENTUCKY STATE FAIR BOARD**, a corporate body of the Commonwealth of Kentucky ("Grantors") and **LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**, a Kentucky local government, 527 West Jefferson Street, Louisville, Kentucky 40202 ("Grantee").

WITNESSETH:

WHEREAS, Grantors own certain real property upon which are located certain improvements known as the Kentucky International Convention Center ("Center Building") more particularly described in Exhibit A ("Center Property") and own certain real property upon which is located a multi-floor parking garage ("Garage Building") more particularly described in Exhibit B ("Garage Property"); the Center Property and Garage Property being collectively referred to as the "Burdened Properties"; and

WHEREAS, Grantee owns certain real property more particularly described in Exhibit C ("Benefitted Property") and such Benefitted Property is separated from the Center Property by Jefferson Street and from the Garage Property by Third Street; and

WHEREAS, Grantee has entered into a Development Agreement with a certain developer ("Developer") to lease the Benefitted Property to Developer which will construct upon the Benefitted Property a Convention Center Hotel ("Hotel"); and

WHEREAS, Grantors believe that the construction of the Hotel will provide a significant benefit to the Center Property and therefore Grantors desire to encourage and provide assistance for the Hotel; and

WHEREAS, it is intended that Developer, on behalf of the Grantee shall construct an elevated pedway across Third Street from the Benefitted Property to the Garage Property ("Third Street Pedway"), an elevated pedway across Jefferson Street from the Garage Property to the Center Building ("Jefferson Street Pedway") and an elevated walkway on the outside of the Garage Property connecting the Third Street Pedway to the Jefferson Street Pedway ("Garage Pedway"), all as illustrated on the plat attached hereto as Exhibit D (collectively referred to as "Pedways"); and

WHEREAS, Grantors desire to grant to Grantee exclusive perpetual easements upon the surfaces of the Garage Building and the Center Building as provided herein for the purpose of constructing, installing, operating and maintaining the Pedways in accordance with the terms and conditions of this Easement.

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NOW, THEREFORE, for and in consideration of **One (\$1.00) Dollar**, the receipt and adequacy of which is hereby acknowledged, Grantors grant and convey to Grantee, its successors and assigns forever, the following easements:

1. A permanent exclusive easement over such portion of the southern facade of the Center Building as shown on Exhibit E, which easement shall include the right to remove a portion of the exterior of the Center Building in the area of the easement and to connect the structure of the Jefferson Street Pedway to the structure of the Center Building ("Center Easement").

2. Permanent exclusive easements over the eastern facade of the Garage Building in order to attach the Third Street Pedway, over the northern facade of the Garage Building to attach the Jefferson Street Pedway and over the eastern and northern facades of the Garage Building to attach the Garage Pedway as shown on Exhibit F, which easements shall include the right to attach the structures of the Third Street Pedway, the Jefferson Street Pedway and the Garage Pedway to the structure and supports of the Garage Building ("Garage Easements").

Said Easements are granted in accordance with the following terms and conditions:

1. **No Obstructions.** No structure shall be placed in or allowed to encroach upon the Easements without Grantee's prior written approval. Provided, however, that Grantee agrees that the Easements shall not affect the rights or interest of other public service companies or any other entity which may in the past, present or future co-exist with Grantee on the Burdened Properties provided that such rights or interests of such public service companies or other entities as may be granted in the future shall not materially interfere with Grantee's rights herein granted to Grantee.

2. **Construction and Maintenance.** Grantee, its successors, lessees or assigns, shall be responsible for constructing and maintaining the improvements located in the Center Easement and the Garage Easements in good condition and repair, and all costs and expenses related to such maintenance and repair shall be borne entirely by Grantee, its successors, lessees or assigns. Grantee agrees that any work required or performed pursuant to this Deed shall be done in accordance with standards and specifications as determined by Grantors necessary to maintain and preserve the structural integrity of the Burdened Properties, and shall be conducted so as to promote and preserve public safety and general welfare of the citizens of the Commonwealth of Kentucky. Grantee further agrees that plans for work to be performed on the Burdened Properties shall be approved by the Grantors prior to beginning any work. Grantee agrees that any work it undertakes on the Easements shall be accomplished with a minimum of disruption and interference with Grantors' use and occupancy of the Burdened Properties. Grantors agree that Grantee may grant to other parties the right to use the Easements created hereby for the construction, reconstruction, maintenance, alteration, replacement and removal of improvements on the Easements.

3. **Compliance with Laws.** Grantee agrees to comply with all federal, state and local statutes, ordinances, rules and regulations which may pertain or apply to the Easements.

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4. **No Merger.** Grantors declare that there shall be no merger of title to the Burdened Properties and the Benefitted Property or the Easements herein granted, the purpose of this Deed being to establish on the real estate records the Easements which shall be binding upon the Grantors, their successors and assigns, for the benefit of the owner of the Benefitted Property, its successors and assigns.

5. **Indemnity and Liability.**

(A) Grantee shall indemnify and hold harmless Grantors and any of their employees from and against any and all claims, liability, loss, damage and expense, including costs and attorneys' fees, for bodily injury, sickness, disease or death, or injury or destruction of tangible property, including the use thereof, arising out of or in any way related to Grantee's use or enjoyment of the Easements, including without limitation, the negligent act or omission of Grantee or its contractor, subcontractor, or anyone directly or indirectly employed by any of them in connection with the Easements.

(B) Grantee, its successors or assigns, shall purchase and maintain commercial general liability insurance in an amount of not less than **One Million Five Hundred Thousand Dollars (\$1,500,000.00)** with an insurance company approved by Grantors.

6. **Termination.**

(A) The Easements may be terminated in whole or in part upon Grantors' exercise of the power of eminent domain against all or a portion of the Easements pursuant to applicable statutory, common law, and regulatory requirements. Upon Grantors' exercise of such powers, the Easements shall be terminated with respect to such portions of the Easements being taken following a period of 180 days from Grantors' final notice to Grantee of said condemnation action. Grantee hereby waives and releases any and all rights it may have to claim any award, compensation or damages against Grantors for the value of the Easements and agrees to seek as compensation for the taking only the depreciated value of the Pedways or portions thereof if it is required to be removed. It is understood and agreed that this waiver and release is part of the consideration to Grantors in granting the Easements to Grantee.

(B) Notwithstanding any other provision of this Deed, the parties agree that if Grantee, its successors and assigns, shall intentionally abandon and cease using the Easements for any of the purposes stated herein for a period of 365 consecutive days, then this Easement and the Easements may be terminated by Grantors upon written notice to Grantee. Upon such termination, neither party shall have any further rights or obligations hereunder.

7. **Assignment.** Grantee shall have the right to assign any or all of its interests in the Easements, without obtaining approval of the Grantor, to any lessor of the Benefitted Property.

TO HAVE AND TO HOLD the Easements to Grantee, its successors and assigns forever, it being agreed that the Easements hereby granted are appurtenant to, run with and benefit the land herein described as the Benefitted Property and burdens the land herein described as the Burdened Properties. Grantors covenant that they are seized of the Burdened

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Properties in fee and have full right and power to convey the Easements, subject only to outstanding encumbrances, if any, of record.

WITNESS the signature of the parties as of the above date, but actually on the dates set forth in the notarial certificates below.

GRANTORS:

**COMMONWEALTH OF KENTUCKY,
acting by and through the FINANCE AND
ADMINISTRATION CABINET**

By: _____

Title: _____

Date: _____

**KENTUCKY STATE FAIR BOARD, a
corporate body of the Commonwealth
of Kentucky**

By: _____

Title: _____

Date: _____

GRANTEE:

**LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT**

By: _____

**Jerry E. Abramson
Mayor**

Date: _____

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COMMONWEALTH OF KENTUCKY)
(SS:
COUNTY OF JEFFERSON)

The foregoing Deed of Easement was acknowledged before me this _____ day of _____, 2003, by _____ as _____ of the Commonwealth of Kentucky, acting by and through the Finance and Administration Cabinet, Grantor herein.

My Commission Expires: _____

Notary Public

COMMONWEALTH OF KENTUCKY)
(SS:
COUNTY OF JEFFERSON)

The foregoing Deed of Easement was acknowledged before me this _____ day of _____, 2003, by _____ as _____ of the Kentucky State Fair Board, a corporate body of the Commonwealth of Kentucky, Grantor herein.

My Commission Expires: _____

Notary Public

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COMMONWEALTH OF KENTUCKY)
(SS:
COUNTY OF JEFFERSON)

The foregoing Deed of Easement was acknowledged before me this _____ day of _____, 2003, by Jerry E. Abramson as Mayor of the Louisville/Jefferson County Metro Government, a local government, Grantee herein.

My Commission Expires: _____

Notary Public

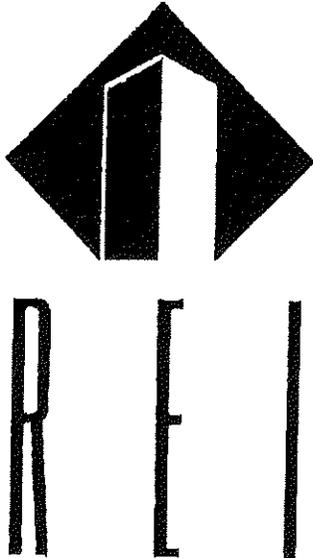
This Instrument Prepared By:

J. David Morris
Assistant County Attorney
444 South Fifth Street
Second Floor
Louisville KY 40202
(502) 574-3511

Document No.: 082003143817
Lodged By: commonwealth land title
Recorded On: 07/02/2003 11:20:35
Total Fees: 29.00
Transfer Tax: .00
County Clerk: Bobbie Holsclaw-JEFF CO KY
Deputy Clerk: YOUNG

END OF DOCUMENT

FACSIMILE COVER PAGE



11711 North Pennsylvania Street
Suite 200
Carmel, IN 46032-4559
Phone: (317) 573-6050
<http://www.reires.com>

FAX NUMBERS:

- REI CONSTRUCTION SERVICES (317) 573-6857
- REI INVESTMENTS, INC. (317) 573-6055
- REI REAL ESTATE SERVICES, LLC
 - FINANCIAL (317) 573-6055
 - ADMINISTRATION (317) 573-6055
 - PROPERTY MANAGEMENT (317) 573-6231
 - IS/EMPLOYEE BENEFITS (317) 573-6055

FROM: Sender: Julie H. Christensen Date: October 14, 2003

TO: Company: Downtown Development Corporation

Phone: (502) 584-6000 Fax: (502) 584-6009

Person(s): Patricia A. Clare

PAGES (including cover): -14-

MESSAGE:

The materials enclosed with this facsimile transmission are private and are the property of the sender. The information contained in the material is intended only for the use of the individual(s) or entity (ies) named. If you have received this facsimile transmission in error, please contact our office immediately at (317) 573-6050 for further arrangements. **THANK YOU.**

DEVELOPMENT AGREEMENT

23rd THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into this day of April March, 2002, by and among THE CITY OF LOUISVILLE, a Kentucky municipal corporation ("City"), and KENTUCKY CONVENTION HOTEL INC., an Indiana corporation, with its principal address located at 1000 East 80th Place, Suite 600 North, Merrillville, Indiana 46410 and REI INVESTMENTS, INC., an Indiana corporation with its principal address located at 11711 N. Pennsylvania Street, Suite 200, Carmel, Indiana, 46032, or their assignee (collectively, the "Developer").

WITNESSETH:

WHEREAS, tourism and conventions provide significant economic benefits for the City, creating jobs, generating tax revenues; and

WHEREAS, the City has determined that in order to sustain and promote growth in the convention industry in the City it is necessary to attract a new first-class convention hotel adjacent to the Louisville International Convention Center ("Convention Center"); and

WHEREAS, the City issued a Request for Development Proposals dated January 2001 ("RFP") to solicit proposals for the development of a convention hotel; and

WHEREAS, after analyzing the several proposals submitted in response to the Request, the City selected the Developer's proposal as being in the best interests of the City; and

WHEREAS, the Developer has proposed to construct a 600-room hotel ("Hotel") adjacent to the Convention Center on the condition that the City provide certain financial incentives to Developer as provided in its proposal attached hereto as Exhibit A ("Proposal"); and

WHEREAS, the City and Developer entered into an Inducement Agreement dated December 18, 2001, outlining the Developer's and City's respective obligations; and

WHEREAS, the City and Developer desire to enter into this Agreement to establish the terms and conditions under which each will undertake to perform its respective obligations; and

WHEREAS, the City has determined that the construction of the Hotel in accordance with the terms of this Agreement will further the public purposes of the City, promote the development of the downtown area and further the goal of making downtown a place to live, work, play and learn.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and undertakings contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties agree as follows:

ARTICLE I

OBLIGATIONS OF CITY

Section 1.01. Acquisition of Hotel Site. City agrees to acquire, at no cost to Developer, all parcels of real property located in the block bounded by South Second Street, South Third Street, West Jefferson Street and West Liberty Street, Louisville, Kentucky ("Hotel Site"), such parcels currently being owned by a variety of private owners, the parcels and owners thereof being described more particularly on Exhibit B attached hereto. The owners' parcels identified by an asterisk on Exhibit B have conveyed binding options to sell to Developer ("Optioned Properties"), and Developer agrees to assign the options on the Optioned Properties to the City, or purchase the Optioned Properties as provided in Section 2.15. The City, as a public agency, possesses the power of eminent domain pursuant to KRS Chapter 416 and agrees to use the authority granted by such statute in the event it cannot acquire any parcel by voluntary sale.

Section 1.02. Site Demolition and Preparation. Upon acquisition of all parcels within the Hotel Site (or the obtainment of possession through the entry of an interlocutory order in the event a parcel must be acquired by eminent domain), the City, at its sole expense, shall demolish all structures upon the Hotel Site and remove all debris resulting from such demolition ("Site Demolition"). "Site Demolition" as used in this subsection shall mean the removal of all structures above grade and the removal of all foundations, footings, basements or other obstruction encountered on the Hotel Site, but shall not include filling any excavations required by such actions to restore the Hotel Site to its prior grade.

Section 1.03. Environmental Remediation. The City has no knowledge concerning the presence or absence of hazardous materials in, on or under the Hotel Site and agrees to undertake, at its sole expense, environmental testing of the Hotel Site prior to demolishing the structures thereupon as required by Section 1.02 ("Environmental Testing"). If the Environmental Testing discloses the existence of Hazardous Materials (as defined below) upon, on or under the Hotel Site, City agrees to develop a plan to remove, remediate or manage the Hazardous Materials consistent with the intended use of the Hotel Site ("Remediation/Management Plan"). The City shall submit the Remediation/Management Plan to the Commonwealth of Kentucky Natural Resources and Environmental Protection Cabinet for approval. Upon approval of the Remediation/Management Plan by the Cabinet, the City agrees to fully implement the Remediation/Management Plan as necessary to obtain from the Cabinet a No Further Remediation Letter pursuant to KRS 224.01-450-224.01-460 ("Remedial Measures"). In the event the Cabinet fails to approve the City's Remediation/Management Plan or requires the City to undertake additional remedial measures on the Hotel Site, which the City considers, in its sole judgment, to be unreasonable or unduly expensive, it may elect to terminate this Agreement after first consulting with Developer. City agrees to provide Developer with any and all reports derived from the Environmental Testing and copies of any communications between City and the Cabinet relative to any Hazardous Material on or affecting the Hotel Site. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste, which is or becomes regulated by any applicable federal, state or local governmental agency or authority. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) petroleum, (ii) asbestos, (iii) designated as a "hazardous substance" pursuant to Section 311 of

the Federal Water Pollution Control Act (33 USC Section 1317), (iv) defined as "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recover Act (42 USC Section 6903), (v) defined as a "hazardous substance" pursuant to Section 101(14) of the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA") (42 USC Section 9601), or (vi) defined as a "pollutant" or "contaminant" pursuant to Section 101(33) of CERCLA.

Section 1.04. Hotel Ground Lease. Upon acquisition of all Hotel Site parcels pursuant to Section 1.01, the Site Demolition pursuant to Section 1.02, and upon completion of the Remedial Measures pursuant to Section 1.03 (if any), the City agrees to lease the Hotel Site to the Developer upon the terms set forth herein ("Hotel Ground Lease"). The Hotel Ground Lease shall contain the following provisions and such other usual and customary provisions contained in ground leases for projects of similar scope and magnitude, which provisions shall be commercially reasonable under the circumstances in order to make Hotel Ground Lease financable by one or more institutional lenders and to enable the Developer to obtain construction and permanent financing of Developer's right, title and interests in the Hotel, the Hotel Site leased under the Hotel Ground Lease, the easements to use the Pedways and the rights to park in the Additional Parking Facility, all subject to commercially reasonable economic and operating terms and conditions.

A. The initial term shall be for 50 years. Developer shall have the option to renew the Hotel Ground Lease for four (4) renewal terms of 25 years each provided that at the commencement of the then applicable renewal term, the Hotel Site is being used for a Permitted Use.

B. The rent for the initial term and the renewal terms shall be \$1.00 per year, payable in advance prior to the commencement of each term.

C. As additional consideration for the Hotel Ground Lease, Developer agrees to construct the Hotel as required by Article II and to continue to operate and maintain the Hotel for a period of not less than thirty (30) years commencing on the date the Hotel is opened for business to the general public as a first class convention hotel affiliated with the Marriott hotel reservation system and operated as a full service "Marriott" hotel or affiliated and operated with another equivalent national reservations system and hotel that caters to a national and regional convention business. Thereafter and during the remainder of the initial term and any renewal terms, the improvements located on the Hotel Site shall be used as a Permitted Use.

D. The Ground Hotel Lease shall further provide that each party will grant to the other all necessary easements for ingress to and egress from, and for access to, over and through, the Pedways. In addition, the City shall obtain (i) from the Kentucky State Fair Board all necessary easements for ingress and egress from, and for access to, over and through the Pedways to and from the Kentucky International Convention Center on days and during the hours that one or both are open to the general public or for special events; and (ii) from the owner of the Additional Parking Facility all necessary easements for ingress and egress from, and for access to, over and through the Pedway connecting to the Additional Parking Facility.

E. The City and Developer understand and agree that as part of the financing of the Hotel, the Construction Lender (defined below) may require the City and Developer to execute and deliver other agreements that are commercially reasonable, but are not otherwise contemplated by this Agreement in connection with the Hotel Ground Lease. The City and Developer agree to execute such commercially reasonable agreements provided such do not increase either parties economic obligations under this Agreement or change the scope of the Project.

Section 1.05. Pedway Construction. City, at its sole expense, agrees to construct elevated enclosed pedways, which when built shall be owned by the City, from the Hotel (i) across Jefferson Street connecting to the Kentucky International Convention Center and (ii) to the Additional Parking Facility (as defined in Section 1.06) (collectively, the "Pedways"). City shall cause the design of the Pedways to be consistent with the design of the Hotel and prior to construction of the Pedways shall submit the design plans for the Pedways to the Developer for review and approval, which approval shall not be unreasonably denied or delayed. The Pedways shall be completed and open for use by patrons of the Hotel no later than sixty (60) days prior to the Opening Date for the Hotel, unless construction is delayed for reasons of force majeure as provided in Section 7.06.

Section 1.06. Additional Parking Facility. Either the City or the City of Louisville Parking Authority of River City (PARC), Inc. ("PARC") shall construct a new public parking garage or enlarge an existing public parking garage so as to create no fewer than 200 new parking spaces available for use by patrons of the Hotel ("Additional Parking Facility"). The Additional Parking Facility shall be located across one of the streets bordering the Hotel Site and shall be capable of being connected to the Hotel by the pedway to be constructed by the City as provided in Section 1.05. During the term of the Hotel Ground Lease the parking spaces within the Additional Parking Facility shall be available to patrons of the Hotel at market rates. PARC or City shall design and construct the Additional Parking Facility at its sole expense and PARC may operate and maintain the Additional Parking Facility. PARC or City shall cause the construction of the Additional Parking Facility to be substantially complete no later than sixty (60) days prior to the opening of the Hotel, unless construction is delayed for reasons of force majeure as provided in Section 7.06.

Section 1.07. City Capital Contribution

A. Developer covenants to the City that it would not enter into this Agreement to construct and operate the Hotel but for the commitment of the City to provide a capital contribution to the Hotel to induce Developer to undertake the Hotel pursuant to this Agreement. The City, therefore, in consideration of Developer's obligation to construct the Hotel in accordance with this Agreement, agrees to contribute the sum of \$27,000,000.00 ("City Contribution"), upon the following terms and conditions:

1. No Event of Default by Developer as set forth in Section 6.01 shall have occurred and remain uncured.

2. Developer shall have presented evidence satisfactory to the City that it has placed in escrow with the Construction Lender the entirety of Developer's equity contribution to the Project of not less than \$13,500,000.
3. Developer shall have presented evidence satisfactory to the City that it has obtained a binding construction loan from one or more financial institutions (collectively, the "Construction Lender") sufficient to complete construction of the Hotel after the expenditure by the Developer of the City Contribution. Such Construction Lender shall not be required to have funded the loan prior to the payment of the City Contribution.
4. There shall be no pending or threatened material litigation or regulatory enforcement action, which could or would prevent, limit or hinder Developer's capacity to complete the Hotel as required by this Agreement.
5. The City Contribution shall not include and shall be in addition to the City's costs and expenses for acquisition of the Hotel Site and the easements contemplated by this Agreement, the Demolition, the development and implementation and finalization of the Remediation/Management Plan, and the construction, installation and operation of the Pedways and the Additional Parking Facility.

B. Subject to the determination by the City that Developer has fully complied with the conditions set forth in subsection A of this Section, City shall contribute the City Contribution to the Developer in a lump sum disbursement to be held in escrow by the Construction Lender pursuant to an escrow or disbursement agreement, the terms and conditions of which shall be reasonably acceptable to the City, Developer and the Construction Lender. Such mutually agreed upon escrow or disbursement agreement shall provide that (a) the Construction Lender shall only disburse the City Contribution to the Developer after Developer has expended not less than Twenty Million Dollars (\$20,000,000) on the Project, including the Developer's equity contribution; and (b) in the event Developer defaults under the construction loan documents or this Agreement, and the Construction Lender elects not to complete construction of the Hotel, the escrow or disbursement agreement shall provide that any undisbursed portion of the City Contribution shall be returned to the City. Developer shall use the City Contribution solely and exclusively for the Hotel and shall not commingle any portion of the City Contribution with funds held by Developer for purposes other than the Hotel. Any interest earned on the City Contribution while such is held in escrow by the Construction Lender shall be earned by and paid to the City after the City Contribution is fully disbursed.

C. Within 120 days of the date Developer expends the entirety of the City Contribution, Developer shall provide to the City a detailed accounting of its expenditures on the Hotel from the City Contribution, including supporting documentation. City retains the right to audit, at its sole expense, the accounting records of Developer relating to the Hotel in the event Developer fails to submit adequate documentation of its expenditures of the City Contribution. In the event the City determines that any portion of the City Contribution was expended for

purposes other than the Hotel, it shall have the right to demand that Developer repay such amount to the City.

Section 1.08. Sales Tax Exemption or Rebate. Developer's proposal to develop the Hotel was based upon the Hotel Site being located within an Enterprise Zone and therefore making all purchases made by the Developer for the development and construction of the Hotel exempt from Kentucky Sales Tax. The parties now recognize that the Enterprise Zone status may expire before the Hotel construction is complete, having an adverse effect on Developer. The City agrees to use its best efforts within the meaning set forth in Section 8.02 to encourage the Commonwealth of Kentucky to extend the Enterprise Zone status for the Hotel Site. In the event that the parties reasonably conclude that such extension is not certain, then the City agrees to use its best efforts to enter into a grant agreement ("Grant Agreement") with the Commonwealth of Kentucky whereby the Commonwealth of Kentucky will rebate back to the City and the City back to the Developer, 80% of the sales tax collected by the Commonwealth of Kentucky from the Construction Commencement Date and ending on the date the Hotel is completed and open to the general public.

ARTICLE II

OBLIGATIONS OF DEVELOPER

Section 2.01. Developer Construction. On and after the execution and delivery of the Hotel Ground Lease, Developer shall construct the Hotel as described in Section 2.02 upon the Hotel Site following the acquisition of all necessary permits and approvals in accordance with Section 2.04. The Hotel shall contain at a minimum the elements required by Section 2.02 and shall be constructed substantially in accordance with the schedule set forth in Article III.

Section 2.02. Hotel Description. The Hotel to be constructed by Developer on the Hotel Site shall be, and the term "Hotel" when used in this Agreement shall mean, a convention center hotel having no fewer than 12 floors (excluding basement and sub-basements, if any,) and shall be substantially similar in appearance to the rendering attached hereto as Exhibit C. Upon substantial completion of the Hotel, Developer shall install all necessary equipment, fixtures, and furniture necessary for the Hotel to be operated as a convention center hotel. The estimated cost to construct, equip and furnish the Hotel is \$92,000,000 (the "Estimated Total Development Cost"), pending preparation of the detailed construction budget required pursuant to Section 2.05.

The Hotel shall contain at a minimum the following elements and amenities:

- A. Six hundred (600) rooms having a minimum size of 300 square feet including twenty (20) suites;
- B. Meeting space of at least 30,000 square feet in one or more rooms;
- C. Casual sports themed restaurant/bar;

- D. A first class dining facility;
- E. Pool and exercise facility;
- F. Retail space on the ground floor;
- G. Kitchen, laundry, support and maintenance facilities appropriate to a convention center hotel; and
- H. Parking garage permitting parking for at least 285 vehicles.

Section 2.03. Hotel Franchise. Developer shall obtain a binding commitment from Marriott International, Inc. for a franchise to operate the Hotel as a franchised Marriott hotel and shall present evidence to the City satisfactory to the City of such binding commitment.

Section 2.04. Financing. Developer shall provide evidence to the City that it has received binding commitments for debt and equity financing for the Hotel in an amount not less than the Estimated Total Development Cost, including the City Contribution. Such commitments shall be from persons or entities which are reasonably acceptable to the City.

Section 2.05. Hotel Budget. Prior to commencing construction on the Hotel, the Developer shall present to the City a proposed budget for the construction of the Hotel and the fit out of the Hotel in sufficient detail and specificity to enable the City to determine if said budget is reasonably sufficient to permit the Developer to construct the Hotel in accordance with the terms of this Agreement.

Section 2.06. Construction of Hotel. All construction of the Hotel shall be in a good and workmanlike manner. Upon execution and delivery of the Hotel Ground Lease, Developer shall commence and proceed diligently without undue delay, and substantial completion of the Hotel shall occur as provided in the Project Schedule set forth in Section 3.02, subject to delays for reasons of force majeure as provided in Section 7.06.

Section 2.07. Design and Approval of the Hotel.

A. Developer shall cause the architectural plans to be prepared for the Hotel and shall submit such architectural plans to the City, acting by and through the Louisville Development Authority, for review prior to applying for permits and approvals necessary to commence construction ("Design Plans"). The Design Plans shall be sufficient in detail to enable the City to determine whether the design of the Hotel including size, scope and exterior of the Hotel are satisfactory and in compliance with this Agreement. The design of the Hotel shall be consistent with good architectural practice and appropriate urban design principles. The Louisville Development Authority shall review the Design Plans and provide any comments thereon to Developer in writing within thirty (30) days after receipt thereof. Failure to provide comments within such period shall constitute approval by the Louisville Development Authority and the City of the Design Plans.

B. Upon approval by City pursuant to subsection A of this Section and execution of the Hotel Ground Lease, Developer shall proceed to prepare the construction plans which shall be consistent with the Design Plans approved by the City pursuant to subsection A of this Section and to obtain all permits and approvals required for construction of the Hotel, including but not limited to approval pursuant to the Downtown Review Overlay District guidelines. City shall cooperate with Developer to obtain all required permits and approvals.

Section 2.08. Codes. The construction of the Hotel shall comply with all federal, state and local codes, laws, ordinances, statutes and regulations, notwithstanding anything contained in this Agreement.

Section 2.09. Employment Regulations. Developer, its contractors and subcontractors, shall not refuse to hire or employ, nor bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions or privileges of employment because of sex, race, creed, color or national origin. At all times during the construction of the Hotel, Developer shall comply with City Ordinance No. 140, Series 1988 and shall take affirmative action to ensure that its employees and the employees of its contractors and subcontractors are treated equally during employment, without regard to their sex, race, creed, color or national origin. This requirement shall apply to, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training.

Section 2.10. Security and Street Closings. Developer agrees to furnish reasonable and customary security at the Hotel Site during construction of the Hotel. During construction, the City shall close necessary portions of nearby roads to facilitate construction of the Hotel at the reasonable request of Developer, at no charge to Developer.

Section 2.11. Liens. The Developer agrees to indemnify the City against any claim or filing of any lien on the Hotel Site as a result of the Developer's construction thereof and shall hold the City harmless from any and all such claims or liens. The City agrees to indemnify the Developer against any claim or filing of any lien on the Hotel Site as a result of the City's Demolition, Remediation/Management Plan, and construction of the Pedways and Additional Parking Facility and shall hold the Developer harmless from any and all such claims or liens

Section 2.12. Management of Hotel. The Developer shall cause the Hotel to be managed and maintained in a first class manner.

Section 2.13. Non-discrimination. Upon completion of the Hotel, the Developer agrees that it will not discriminate on the basis of race, sex, color, or creed, or national origin, in the sale, lease or rental or in the use or occupancy of the Hotel or any other part of the Project.

Section 2.14. Insurance. Developer, prior to commencing construction of the Hotel, shall provide evidence that it has obtained all insurance coverage reasonably required by the City's Risk Management Office, as set forth in Exhibit D, attached hereto.

Section 2.15. Optioned Properties. Developer covenants that prior to the execution of this Agreement, it or its agents, obtaining binding commitments for purchase and sale from the owners of the properties identified on Exhibit B as the Optioned Properties and that such options remain valid. Within thirty (30) days of the Effective Date of this Agreement, Developer shall assign the options on the Optioned Properties for the sum of One Dollar (\$1.00) and any option payments Developer may have already paid to acquire and maintain the options on the Optioned Properties ("Option Payments"). In the event the option on one or more of the Optioned Properties is not assignable, Developer agrees to exercise such option or options in accordance with its terms and further agrees to convey such parcel to the City for a purchase price equal to the purchase price paid by the Developer to the owner of the parcel pursuant to such option. After such options are assigned to the City, City covenants and agrees to keep such assigned options in full force and effect and pay any option payments as and when required under the options. If this Agreement is terminated for any reason, City agrees to reassign the options to Developer in consideration for the Option Payments paid to Developer at the time the options were initially assigned to the City and any other option payments paid by City thereafter to maintain the options.

ARTICLE III

PROJECT SCHEDULE

Section 3.01. Project. The City and Developer each considers it critical to have the Project (defined herein) completed and the Hotel open for business at the earliest possible date and that, therefore, it is of utmost importance that City perform its obligations under Article I and Developer perform its obligations under Article II (collectively, "Project") in a timely manner. City and Developer acknowledge that time is of the essence and each covenants and agrees to strictly adhere to the schedule for the Project set out in Section 3.02 ("Project Schedule"), except for delays caused by force majeure as provided in Section 7.06. No milestone date set forth in the Project Schedule shall be changed by a party unless such party shall have obtained prior written approval from the other party to this Agreement.

Section 3.02. Project Schedule. City and Developer each agree that it shall use its best efforts within the meaning set forth in Section 8.02 to meet the following milestone dates relevant to its elements of the Project:

PROJECT SCHEDULE

<u>Responsible Party</u>	<u>Milestone</u>	<u>Date to be Completed</u>
Developer	Submit design plans for approval	April 1, 2002
City	Acquisition of Hotel Site	May 15, 2002
City	Demolition & Remediation of Hotel Site	July 30, 2002
City & Developer	Closing on Hotel Ground Lease	August 30, 2002

Developer	Obtain permits and approvals	November 15, 2002
Developer	Construction Commencement Date	November 20, 2002
City	Substantial completion of Additional Parking Facility and Pedways	July 1, 2004
Developer	Substantial completion of Hotel	August 1, 2004
Developer	Hotel opens for business	September 1, 2004

Section 3.03. Detailed Schedule. Developer and City shall jointly meet and agree, in good faith, on a detailed construction schedule so that the Project and the improvements to be constructed in accordance with this Agreement are coordinated in timing and phasing. The parties acknowledge that acquisition of the Hotel Site and the funding of the City Contribution are conditions precedent to the Developer completing the construction documents for the Hotel and that the completion of the construction documents is expected to take six (6) months to complete. The completion of the construction documents is necessary prior to commencement of construction of the Hotel. It is the intent of the Developer to instruct the architects to proceed on said construction documents ("Notice to Proceed") upon closing on the Hotel Ground Lease or the funding by the City of the City Contribution, whichever date is later; subject, however, to the City and Developer entering into a mutually acceptable agreement (the "Reimbursement Agreement"), which provides that Developer shall give its Notice to Proceed to the architects and City shall reimburse Developer for Developer's costs (not exceed \$2,000,000) in preparing and negotiating the construction documents in the event the City fails to fulfill its obligations under Article I hereof due to reasons other than an Event of Default by Developer. In the event that the City and Developer fail to enter into a Reimbursement Agreement on or before May 15, 2002, when one is otherwise required, the parties understand and agree that the Developer will not be able to start construction of the Hotel on the Construction Commencement Date and therefore, such date will need to be delayed day for day until a Reimbursement Agreement is entered into or there is no longer a need for such Reimbursement Agreement. The parties further acknowledge that in the event the City is unable to meet the Project Schedule set forth above, that the Developer and the City will agree to extend the Project Schedule on a day for a day basis; however, the parties recognize that it is not economically feasible for the Developer to open the Hotel in the months of October through February and therefore in certain instances delays by the City may require extensions to the Project Schedule greater than a day for day extension.

ARTICLE IV

CLOSING CONTINGENCIES

Section 4.01. Closing Contingencies. The obligation of the parties to close on the Hotel Ground Lease and undertake the obligations contemplated hereby shall be subject to the following contingencies:

A. Contingencies to Developer's Obligation to Close. Developer shall be under no obligation to close on the Hotel Ground Lease unless the following conditions have been satisfied or waived by Developer, in writing, at the time of Closing:

- [1] All of the City's representations and warranties shall remain true and correct as of the Closing and the City shall have duly performed all of its obligations to be performed by that time under this Agreement.
- [2] Developer's construction and development plans for the Hotel Site (which shall include but not be limited to architectural and engineering drawings for all improvements to be constructed thereon, all entrances and exits, curb cuts, driveways/roadways/walkways, parking areas, signage, signalization and landscaped areas) shall have been approved by all necessary regulatory authorities, and permits and any other approvals necessary for construction and operation of the Hotel shall have been obtained.
- [3] Developer shall have reasonably determined all required variances, if any, have been obtained to permit construction and operation of the Hotel.
- [4] The City shall have good and marketable title to the Hotel Site.
- [5] The City shall have obtained approval from the Cabinet of the Remediation/Management Plan and shall have completed the Remediation/Management Plan to the satisfaction of the Cabinet.
- [6] Developer shall have obtained a title insurance commitment for an owner's policy of title insurance from a title company authorized to do business in Kentucky and an ALTA survey of the Hotel Site, and such title commitment and survey shall not disclose any liens, encumbrances, exceptions, adverse conditions and encroachments to title which unreasonably interfere with Developer's intended use of the Hotel Site, except for permitted encumbrances or those other conditions acceptable to Developer in its reasonable discretion and the survey shall further indicate that all utilities that Developer

may need to construct and operate the Hotel are acceptable and available in Developer's reasonable discretion.

- [7] Developer shall have obtained a firm, binding commitment for debt financing sufficient to construct the Hotel from a financial institution.
- [8] Developer shall have received evidence that the City has funds sufficient to fund the City's Contribution and to pay such other expenses and obligations required of the City by this Agreement.
- [9] Developer shall have received evidence that the funds necessary for the construction of the Pedways and Additional Parking Facility have been obtained by the City or its designee.
- [10] The Hotel Site shall be in an Enterprise Zone and Developer is assured that such designation will continue throughout the construction period of the Hotel or that the City has entered into a Grant Agreement with the Commonwealth of Kentucky, subject to terms and conditions reasonably acceptable to Developer.
- [11] Developer shall have received such other documents in the City's possession or control as Developer may reasonably request for the purpose of (a) evidencing the accuracy of any of the representations and warranties of the City, (b) evidencing the performance by the City of, or the compliance by the City with, any covenant or obligation required to be performed or complied with by it, or (c) evidencing the satisfaction of any condition referred to in this Section

B. Contingencies to the City's Obligations to Close. The City shall be under no obligation to close on the Hotel Ground Lease unless the following conditions have been satisfied, or waived by the City, in writing, at the time of the Closing:

- [1] All of Developer's representations and warranties shall remain true and correct as of the date of Closing and Developer shall have duly performed all of its obligations to be performed by that time under this Agreement.
- [2] The purchase of the Hotel Site and its lease pursuant to the Hotel Ground Lease shall have been approved by the Board of Aldermen of the City.
- [3] The Board of Aldermen shall have authorized and approved the issuance of municipal bonds by the City in an amount sufficient to acquire the Hotel Site, fund the City Contribution and to pay such

other expenses and obligations required of the City by this Agreement.

- [4] Developer shall have tendered the rent payment for the initial term of the Hotel Ground Lease.
- [5] The City shall have received evidence that Developer has obtained financing sufficient to construct the Hotel, both from equity financing and a construction loan from a financial institution.
- [6] The City shall have received such other documents as either may reasonably request for the purpose of (a) evidencing the accuracy of any representation or warranty of Developer, (b) evidencing the performance by Developer of, or the compliance by Developer with, any covenant or obligation required to be performed or complied with prior to the Closing by Developer, or (c) evidencing the satisfaction of any condition referred to in this Section.

C. Termination for Failure to Fulfill Contingencies. Upon the exercise by the City or Developer of their option to terminate this Agreement because of the failure of the other party to fulfill the applicable contingencies referenced in Section 4.01. A. and B. above, this Agreement shall be void and the parties shall be relieved of any and all further obligations and duties hereunder, each unto the other, except as set forth in Section 4.01 (D), or as otherwise expressly provided for herein.

D. Reimbursement for Professional Fees. Pursuant to the Inducement Agreement entered into between the parties and dated December 18, 2001, the City agreed to reimburse the Developer for design costs for the Hotel incurred by the Developer through January 31, 2002, not to exceed \$400,000. In the event that the City does not acquire the Hotel Site by May 15, 2002, then the City agrees to reimburse the Developer for said design costs no later than June 15, 2002. However, if neither party elects to terminate this Agreement and Hotel Ground Lease is executed, then the City shall be entitled to a credit against the \$27,000,000 City Contribution in an amount equal to that previously reimbursed to Developer hereunder.

E. Completion Assurances. On or before the date that Developer issues its Notice to Proceed as provided in Section 3.03 hereof, the City and Developer shall mutually agree in writing what additional assurances, if any, the City may need from Developer to demonstrate to the City's satisfaction: (a) that the Hotel will be built as and when provided in this Agreement, at no additional cost or expense to the City, other than as specifically contemplated in this Agreement; and (b) that the City's investment in the Project shall be adequately protected by (i) this Agreement, as may be modified or supplemented between the parties hereto and the Construction Lender, (ii) the construction documents for the Hotel, (iii) the escrow or disbursement agreement to be entered into pursuant to Section 1.07 B, (iv) the skill and expertise of the general contractor or construction manager for the Hotel, and (v) the Developer's ability to provide a satisfactory completion guarantee.

ARTICLE V

REPRESENTATIONS AND COVENANTS OF THE PARTIES

Section 5.01. Representations and Covenants of Developer. Developer represents, warrants and covenants as follows:

A. Developer is an Indiana corporation duly formed and validly existing under the laws of Indiana and qualified to do business in the Commonwealth of Kentucky with the power and authority to enter into this Agreement.

B. Developer is not a "foreign person" as that term is defined in Section 1445 of the Internal Revenue Code, and applicable regulations.

C. The execution of this Agreement and the construction of the Hotel by Developer will not violate any applicable statute, law, ordinance, code, rule or regulation or any restriction or agreement binding upon or otherwise applicable to Developer.

D. Developer, in this Agreement and in any schedule, exhibit, document or certificate delivered in accordance with the terms hereof, has not made any untrue statement of a material fact or failed to state a material fact.

E. There are no actions, suits or proceedings pending or threatened against Developer, which would, if adversely determined, affect Developer's ability to enter into this Agreement or construct the Hotel in accordance with this Agreement.

Section 5.02. Representations and Covenants of the City. The City represents, warrants and covenants as follows:

A. The City is a Kentucky municipal corporation of the first class established and validly existing under the laws of the Commonwealth of Kentucky with the power and authority to enter into this Agreement.

B. The City is not a "foreign person" as that term is defined in Section 1445 of the Internal Revenue Code, and applicable regulations.

C. The execution of this Agreement by the City will not violate any applicable statute, law, ordinance, code, rule or regulation or any restriction or agreement binding upon or otherwise applicable to the City.

D. The City, in this Agreement or in any schedule, exhibit, document or certificate delivered in accordance with the terms hereof, has not made any untrue statement of a material fact or failed to state a material fact.

E. There are no actions, suits or proceedings pending or threatened against the City which would, if adversely determined, affect the City's ability to enter into this Agreement.

F. The City agrees to cooperate with Developer and use reasonable efforts to assist Developer to obtain approval for all development plans and utility and street plans from all other applicable regulatory bodies and utilities.

G. To the best knowledge of City, there exists no violation of any federal, state, regional or local hazardous waste, "impact" or similar laws, statutes, ordinances, codes or regulations of any kind or nature whatsoever in connection with the development of the Hotel Site.

ARTICLE VI

EVENTS OF DEFAULT, REMEDIES, AND TERMINATION RIGHTS

Section 6.01. Developer Events of Default. Each of the following shall constitute an "Event of Default" by Developer for purposes of this Agreement:

A. Subject to force majeure as set forth in Section 7.06, [1] the failure by Developer (i) to commence construction of the Hotel by the Construction Commencement Date, (ii) to at all times continue to use its best efforts to cause the Hotel to be open to the general public no later than the Hotel Opening Date, or [2] if construction of the Hotel is discontinued for any reason for more than thirty (30) days, except as otherwise contemplated by this Agreement or the Hotel Ground Lease, without the written approval of the City; or

B. Subject to force majeure as set forth in Section 7.06, the failure of Developer to punctually and properly perform any other material term, covenant, condition or agreement contained in this Agreement, which shall specifically include Developer's failure, as may be applicable, to diligently and in good faith use reasonable efforts to discharge and perform its duties, responsibilities and obligations under this Agreement for more than thirty (30) days after written notice thereof from the City; or

C. Any representation or warranty given or furnished by or on behalf of Developer to the City shall prove to be materially false as of the date as of which the representation or warranty was given and is still materially false for more than thirty (30) days after written notice thereof from the City and which will have a material adverse effect on the Hotel Site, the Hotel or Developer's ability to perform under this Agreement.

Notwithstanding the foregoing, if an Event of Default occurs and cannot be cured within thirty (30) days after written notice from the City (or a third party beneficiary), Developer or the Construction Lender, if applicable, shall have such additional time as may be reasonably necessary to cure such Event of Default so long as Developer or the Construction Lender, as the case may be, is diligently, continuously and in good faith pursuing such cure.

Section 6.02. Remedies for Events of Default. Upon the happening of any one or more of the Events of Default by Developer that remains uncured, the City, at its option and with prior notice, may institute any action, suit or other proceeding at law, in equity (including any action

to compel specific performance) or otherwise which it shall deem necessary or proper for the protection of its interests under this Agreement, provided that in no event shall the City have the right, by reason of any one or more Events of Default, to terminate this Agreement unless there is an Abandonment of the Hotel by Developer and the Construction Lender as defined in Section 8.02 hereof

Section 6.03. City Events of Default. Each of the following events listed in Sections 6.03 A to D inclusive shall constitute defaults and each default shall constitute a "City Event of Default" when coupled with the giving of all required notices and the passage of all applicable grace periods without the defaults being corrected or cured for purposes of this Agreement:

A. The failure of the City to make any payment of any sum that may become due and payable to Developer pursuant to this Agreement;

B. Subject to the force majeure as set forth in Section 7.06, construction of the Pedways and Additional Parking Facility is discontinued for any reason for more than thirty (30) days after such construction has commenced, except as otherwise contemplated by this Agreement, without the written approval of Developer;

C. The failure of the City to punctually and properly perform any other material term, covenant, condition, warranty or agreement contained in this Agreement, the other project documents and the construction documents to which it is a party, which shall specifically include the City's failure to diligently and in good faith use its best efforts (as defined in Section 8.02) to discharge and perform its duties, responsibilities and obligations under this Agreement or the other project documents and the construction documents to which it is a party for more than thirty (30) days;

D. Any representation or warranty given or furnished by or on behalf of the City to Developer shall prove to be materially false as of the date as of which the representation or warranty was given and is still materially false as of the time of declaration hereunder of a City Event of Default and which will have a material adverse effect on the Hotel Site, the Project, the City's work or the City's ability to perform under this Agreement;

Notwithstanding the foregoing, if a City Event of Default occurs and cannot be cured within 30 days of receipt of written notice from Developer (or a third party beneficiary) other than the payment of the City Contribution as provided in this Agreement, the City shall have such additional time as may be reasonably necessary to cure such City Event of Default so long as the City is diligently, continuously and in good faith pursuing such cure.

Section 6.04. Remedies for City Events of Default. Upon the happening of any one or more of City Events of Default, Developer, at its option and with prior notice may, in the event of any City Event of Default, institute any action, suit or other proceeding at law, in equity (including any action to compel specific performance) or otherwise which it shall deem necessary or proper for the protection of its interests under this Agreement.

Section 6.05. Rights of Others. Notwithstanding anything contained herein to the contrary, the City will neither terminate this Agreement, Developer's rights hereunder nor the City's obligations under this Agreement so long as the Construction Lender or any third party performs the obligations of Developer under and subject to this Agreement and other project documents to which Developer is a party including, without limitation, any applicable provisions of the Hotel Ground Lease.

Section 6.06. Attorneys' Fees and Costs of Collection. If an Event of Default by Developer or City Event of Default shall occur and as a result the other party brings any action against the other arising under this Agreement, the losing party shall pay the prevailing party its reasonable attorneys' fees and costs in such action, at trial and on appeal, and such fees and costs shall be deemed to have accrued on the commencement of such action.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Provisions not Merged with Hotel Ground Lease and Other Agreements. This Agreement shall not terminate upon the execution of the Hotel Ground Lease required by this Agreement, and the provisions of this Agreement shall not be deemed to be merged into the Hotel Ground Lease; provided, however, once Developer commences construction of the Hotel, the default and remedies sections of the Hotel Ground Lease shall control over the provisions set forth in Article VI above. All representations, warranties, covenants and obligations in this Agreement, and any other certificate or document delivered pursuant to this Agreement, shall survive the date of the Agreement and the delivery of the Hotel Ground Lease to Developer.

Section 7.02. Governing Law. This Agreement, the construction thereof and the rights and obligations of the parties hereunder shall be governed in all respects by the laws of the Commonwealth of Kentucky.

Section 7.03. Severability. Each and every provision hereof, including Articles, Sections, and Subsections shall be separate, several and distinct from each other provision hereof, and the invalidity, unenforceability or illegality of any such provision shall not affect the enforceability of any other provision hereof.

Section 7.04. Section Headings and Captions. The section headings and captions in this Agreement are for convenience of reference only and shall not affect the construction of the terms and provisions hereof.

Section 7.05. Time of the Essence; Mutual Extension; Diligent Performance. Time shall be of the essence with respect to the duties and obligations imposed on the parties hereto. Where any time for performance or otherwise is set forth herein, such time may be extended by mutual agreement of the City and Developer. With respect to any duty or obligation imposed on a party to this Agreement, unless a time limit is specified for the performance of such duty or

obligation, it shall be the duty or obligation of such party to commence and perform the same in a diligent manner and to complete the performance of such duty or obligation as soon as reasonably practicable after commencement of performance thereof.

Section 7.06. Force Majeure. In the event that Developer or the City shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of any unusually inclement weather, strikes, lock-outs, labor troubles, inability to procure materials which could not have been reasonably anticipated and avoided by Developer or the City (as applicable), failure of power, restrictive governmental laws or regulations, act of God, fire, earthquake, flood, explosion, terrorism, action of the elements, war (declared or undeclared), police action, invasion, insurrection, riot, mob violence, sabotage, the act, failure to act or default of the other party, or other causes beyond such party's reasonable control, then performance of such act shall be extended for a period equivalent to the period of such delay.

Section 7.07. Notices. Whenever a notice is required or permitted to be given to a party hereunder, such notice shall be in writing and shall be deemed to have been made when hand delivered or four (4) business days after being deposited in the United States mail, certified or registered mail return receipt requested, postage prepaid, addressed to the parties, or to such other address as the receiving party shall have notified the sender, as follows:

If to Developer:	Kentucky Convention Hotel, Inc. 1000 East 80 th Place, Suite 600 North Merrillville, Indiana 46410 Attn: Bruce White
With copy to:	REI Investments, Inc. 11711 North Pennsylvania Street, #200 Carmel, Indiana 46032 Attn: Michael Wells
If to the City:	City of Louisville c/o Louisville Development Authority 600 W. Main St., Suite 300 Louisville, Kentucky 40202 Attn: Executive Director
With copy to:	Director of Law City of Louisville 601 W. Jefferson St. Louisville, Kentucky 40202 Attn: J. David Morris

In addition, in the case of any notice to Developer alleging or asserting an Event of Default by Developer, written notice also shall be provided to Developer's lender(s) from time to time designated by Developer, at the address(es) of such lender(s) provided by Developer to the City.

Section 7.08. Entirety of Agreement. This Agreement, together with all Exhibits attached hereto, constitutes the entire understanding and agreement of the parties with respect to the matters set forth herein, and all prior agreements and understandings between the City and Developer are merged herein. The Exhibits to this Agreement constitute a material part hereof and are incorporated by reference herein. This Agreement may not be modified, amended or revoked, except in writing, executed by each of the parties.

Section 7.09. Brokers and Finders; Fees and Expenses. Each of the parties represents and warrants to the other that it has engaged no broker or finder in connection with the negotiation of this Agreement, and each party indemnifies and holds the other harmless against any claims for fees for such services by any person or firm claiming under or through such indemnitor. Each party hereto shall bear its own respective expenses and costs for legal, accounting and administrative services in connection with the negotiation of this Agreement and consummation of the transactions contemplated hereby, except as mutually agreed to by the parties. Each party hereto indemnifies and holds the other harmless against any claims for fees for such services by any person or firm claiming under or through such indemnitor.

Section 7.10. Successors and Assigns. The covenants, terms and conditions contained in this Agreement shall inure to the benefit of the successors and permitted assigns of the parties hereto.

Section 7.11. Estoppels. Each of the parties hereto agrees to provide to the other, or to such third parties as may be reasonably requested by the other, written estoppels from time to time certifying, among other matters, the continued effectiveness of this Agreement, the absence of any defaults hereunder (or, if defaults exist, specifying in detail the nature of such defaults), the status of the obligations of the parties each to the other, and such other matters as may reasonably be requested by the party requesting such estoppel certificate(s).

Section 7.12. No Third Party Beneficiaries; No Partnership or Joint Venture Created. Each of the parties hereto agrees that nothing contained in this Agreement shall be deemed or construed by either of them, or by any third party, as creating any relationship of third party beneficiary, principal and agent, general partnership or joint venture or any other association or relationship between Developer and the City. The terms and provisions of this Agreement are solely for the benefit of each of the parties hereto, their successors and permitted assigns, and shall not benefit in any manner any person not a party to this Agreement.

Section 7.13. No Abrogation of Legal Requirements. Nothing contained herein shall be construed to permit either party to violate any applicable law, regulation or code.

Section 7.14. Binding Effect. Each of the parties hereto covenants and warrants that (i) it is duly authorized to transact business in the Commonwealth of Kentucky, (ii) the person executing this Agreement on behalf of the party is duly authorized by the party to sign and execute this Agreement on its behalf, (iii) this Agreement is a valid and binding obligation of the party and enforceable in accordance with its terms, and (iv) it is the intention of each of the

parties to this Agreement that it shall be binding and legally enforceable in accordance with its terms.

Section 7.15. Assignment. Developer may not assign its interest in this Agreement to any other person or entity without obtaining the prior approval of the City, which shall not be unreasonably withheld, conditioned or delayed; provided, however, Developer may assign without the prior approval of the City, the Developer's right, title and interest, as Developer, under this Agreement, the Hotel, the Hotel Ground Lease and the Hotel Site to Kentucky Convention Hotel Partners, LLC, an Indiana limited liability company, as Developer, pursuant to the Assignment and Assumption Agreement attached hereto as Exhibit E and may further mortgage and assign all of Developer's right, title and interest under this Agreement, the Hotel Ground Lease and the Hotel to secure mortgage loans or other indebtedness incurred by Developer with respect to the development, construction and operation of the Hotel. The reasonableness of City in exercising its right of approval with respect to any assignments that require City approval under this Agreement shall be determined according to whether a proposed assignee has the financial capability (which shall be deemed satisfied if the proposed assignee has at least the financial capability, assets or financing of Developer as contemplated hereunder as of the date hereof) and business experience to properly operate the Hotel pursuant to this Agreement. It shall be a condition of any such assignment that the assignor furnish the City with written notice of such assignment together with an executed counterpart of an instrument wherein such assignee directly and unconditionally assumes all of Developer's obligations under this Agreement and the Hotel Ground Lease. Upon the assignee's acceptance of any such assignment, Developer shall be released from any further liability and obligations hereunder accruing after the date of such assignment and such consent by the City, provided that such assignment shall not act as a release of any liability or obligation which arose, was required to be performed and was an Event of Default by Developer prior to the date of such assignment or as a release from any liability as to any future consequence or event which occurs as a result of any action or omission of Developer prior to the effective date of such assignment to the extent such future liability is not assumed by the assignee. This Agreement and any other project documents may not be assigned by the City, without the express written consent of Developer. Notwithstanding the aforementioned, the City may assign its right, title and interest in this Agreement and the project to another governmental agency of the City of Louisville, provided that the Developer is given notice thereof and the appropriate funds to satisfy the City's commitment are assigned or allocated to such assignee of the City.

Section 7.16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement.

ARTICLE VIII

SPECIAL PROVISIONS AND DEFINITIONS

Section 8.01. Profits Participation Provided there is no City Event of Default that remains uncured, the Hotel Ground Lease shall provide that the Developer shall pay the City an annual Profits Participation equal to 25% of the Available Cash Flow After Investment Return;

provided, however, in no event shall the total of all payments made to the City representing the annual Profits Participation exceed the City's initial investment in the Project.

Section 8.02. Definitions. Each of the following terms is defined, for all purposes of this Agreement, as is set forth below. The definition of each such term is applicable both to the singular and the plural form thereof as the context may require. The use of the masculine, feminine or neuter gender in this Agreement is applicable to any other gender as the context may require.

"Abandonment" means (a) if during the construction of the Hotel, the total and unexcused cessation of construction by Developer or its Construction Lender for more than thirty (30) consecutive days, or (b) after the issuance of a Certificate of Completion or its equivalent, the first anniversary of the date on which Developer ceased to use the Hotel for a Permitted Use.

"Adjusted Operating Profit" means the excess of Gross Revenues over the following deductions ("Deductions") incurred in operating the Hotel.

1. the cost of sales, including, without limitation, compensation, fringe benefits, payroll taxes, ERISA-related liabilities, pension-fund withdrawal liabilities, and other costs related to Hotel employees;
2. departmental expenses incurred at departments within the Hotel; administrative and general expenses; the cost of marketing incurred by the Hotel; advertising and business promotion incurred by the Hotel; heat, light, and power; computer line charges; and routine repairs, maintenance and minor alterations;
3. the cost of Inventories and Fixed Asset Supplies consumed in the operation of the Hotel;
4. a reasonable reserve for un-collectible accounts receivable;
5. all costs and fees of independent professionals or other third parties who are retained to perform services required or permitted hereunder;
6. all costs and fees of technical consultants, professionals and operational experts who are retained or employed for specialized services (including, without limitation, quality assurance inspectors, personnel providing architectural, technical or procurement services for the Hotel, tax consultants, and personnel, providing legal services in connection with matters directly involving the Hotel) and the cost of attendance by employees of the Hotel at training and manpower development programs sponsored by Manager or Franchisor;
7. the amount of base, incentive or other management fees pursuant to the Management Agreement between Developer and its Hotel manager ("Manager");
8. insurance costs and expenses;

9. all taxes related to the operation of the Hotel and all Impositions;
10. the amount of any transfers into the FF&E Reserve (the "FF&E Reserve") required pursuant to Franchise Agreement between the Developer and Franchisor;
11. the Hotel's pro rata share of costs and expenses incurred in connection with marketing programs developed for the Marriott or other Franchisor System where such expenses are not deducted as either departmental expenses under paragraph 2 above or as Group Services under paragraph 12 below, including, without limitation, the Honored Guest Award Program and/or the Marriott Rewards Program or any other frequent guest program;
12. the Hotel's pro rata share of the charges for Group Services;
13. such other costs and expenses incurred that are reasonably necessary for the proper and efficient operation of the Hotel;
14. an Asset Management Fee calculated as 1% of Gross Revenue; and
15. any unpaid Investment Return due Developer for prior fiscal years.

"Available Cash Flow After Investment Return" means an amount, with respect to each Fiscal Year during the term of the Hotel Ground Lease, equal to the excess, if any, of the Adjusted Operating Profit over the Investment Return.

"Best efforts" means commercially reasonable efforts expended by the City or Developer to achieve the goal of completing the Project within the Project Schedule so long as the costs of such efforts are consistent with the Estimated Total Development Cost.

"Developer" means the Kentucky Convention Hotel, Inc. and REI Investments, Inc., prior to the execution and delivery of the Assignment and Assumption Agreement; Kentucky Convention Hotel Partners, LLC after the execution and delivery of the Assignment and Assumption Agreement, and after completion of the Hotel, the then owner of the Hotel and ground tenant, by assignment, of the Hotel Ground Lease.

"Effective Date" means the date first above written after both parties hereto have signed this Agreement.

"Gross Revenues" means all revenues and receipts of every kind derived from operating the Hotel and all departments and parts thereof, including, but not limited to: income (from both cash and credit transactions) from the rental of guest rooms, telephone charges, stores, offices, exhibit or sales space of every kind; license, lease and concession fees and rentals, (not including gross receipts of licensees, lessees and concessionaires); income from vending machines; income from the Hotel parking garage; health club membership fees; food and beverage sales; wholesale and retail sales of merchandise; service charges; and proceeds, if any, from business interruption

or other loss of income insurance; provided, however, that Gross Revenues shall not include the following: gratuities to employees of the Hotel; federal, state or municipal excise, sales or use taxes or any other taxes collected directly from patrons or guests or included as part of the sales price of any goods or services; proceeds from the sale of FF&E; interest received or accrued with respect to the funds in the FF&E Reserve or the other operating accounts of the Hotel; any refunds, rebates, discounts and credits of a similar nature, given, paid or returned in the course of obtaining Gross Revenues or components thereof, provided that all such rebates, refunds, discounts and credits shall be credited to the benefit of the Developer; insurance proceeds (other than proceeds from business interruption or other loss of income insurance); condemnation proceeds (other than for a temporary taking); or any proceeds from any Sale of the Hotel or from the refinancing of any debt encumbering the Hotel.

"Investment Return" means 16% per annum of the Net Developer Costs.

"Net Developer Costs" means, from time to time, the sum of: (a) Developer's predevelopment and construction costs for the Hotel, including both hard and soft costs, which are currently estimated to be \$65,000,000; and (b) any additional capital expenditures made by Developer for the Hotel in excess of the FF&E Reserve.

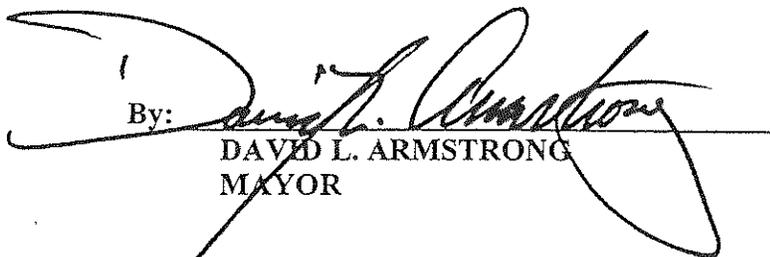
"Permitted Use" means a hotel with first floor retail tenants or a single family and/or multifamily residential use that may or may not have first floor retail tenants.

[Signatures are on next page]

IN TESTIMONY WHEREOF, witness the signatures of the authorized representatives of the parties hereto as of the day and year first written above.

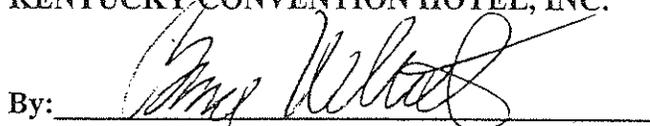
"CITY"

THE CITY OF LOUISVILLE, KENTUCKY

By: 
DAVID L. ARMSTRONG
MAYOR

"DEVELOPER"

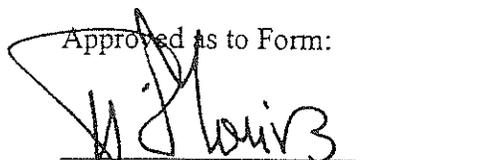
KENTUCKY CONVENTION HOTEL, INC.

By: 
BRUCE W. WHITE
PRESIDENT

REI INVESTMENTS, INC.

By: 
MICHAEL W. WELLS
PRESIDENT

Approved as to Form:



J. David Morris
Senior Attorney
City of Louisville

KCHP DA 12-17-01
[JDM/KCHP]

EXHIBITS

- A. PROPOSAL
- B. PARCELS COMPRISING HOTEL SITE
- C. HOTEL RENDERING
- D. INSURANCE REQUIREMENTS
- E. ASSIGNMENT AND ASSUMPTION AGREEMENT

EXHIBIT C

STATE ECONOMIC IMPACT CERTIFICATION



Office of State Budget Director

Capitol Building, 700 Capitol Avenue
Frankfort, Kentucky 40601

Paul E. Patton
Governor

(502) 564-2611 or (502) 564-7300
FAX: (502) 564-0515 or (502) 564-6684
Internet: jramsey@mail.state.ky.us

James R. Ramsey
State Budget Director

Governor's Office for Policy and Management
Governor's Office for Economic Analysis
Governor's Office for Policy Research

Mary Lassiter
Special Assistant to
State Budget Director

***Certification of Net Positive Economic Impact
Louisville Convention Center Hotel Project***

Whereas projects requesting to enter into a tax-increment financing grant contract with certain agencies of state government before July 15, 2002, must be granted authorization under KRS 65.703; and

Whereas a working group comprised of members from the Finance and Administration Cabinet, Revenue Cabinet, and Office of State Budget Director have met to review information regarding the estimated economic impacts of the Louisville Convention Center Hotel Project proposal; and

Whereas the projected positive and negative economic impacts of the project have been thoroughly analyzed; and

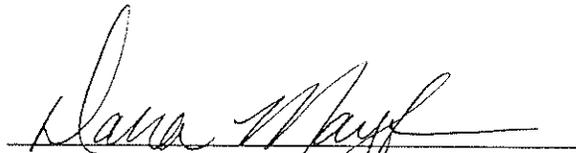
Now Therefore the state agencies below, as agreed to by the affixed signatures, do hereby certify that the **Louisville Convention Center Hotel Project** is expected to create a net positive economic impact to the Commonwealth, as required by KRS 65.703 (5). We also do hereby certify the estimated state increment to be \$1.65 million in 2005, growing to \$2.91 million in 2025, as shown in the supporting worksheet.



Done this 9th day of July, 2002.

A handwritten signature in cursive script that reads "T. Kevin Flanery". The signature is written over a horizontal line.

T. Kevin Flanery, Secretary
Finance and Administration Cabinet

A handwritten signature in cursive script that reads "Dana Mayton". The signature is written over a horizontal line.

Dana Mayton, Secretary
Kentucky Revenue Cabinet

A handwritten signature in cursive script that reads "James R. Ramsey". The signature is written over a horizontal line.

James R. Ramsey
State Budget Director



Office of State Budget Director

Capitol Building, 700 Capitol Avenue
Frankfort, Kentucky 40601

Paul E. Patton
Governor

(502) 564-2611 or (502) 564-7300
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James R. Ramsey
State Budget Director

Governor's Office for Policy and Management
Governor's Office for Economic Analysis
Governor's Office for Policy Research

Mary Lassiter
Special Assistant to
State Budget Director

Memorandum

Date: July 9, 2002

To: Dr. Jim Ramsey; Secretary Kevin Flanery; Secretary Dana Mayton

From: TIF Economic Impact Working Group (See list below)

Subject: Louisville Convention Center Hotel Project

As you know, the Commonwealth is currently in various stages of engagement on several projects involving Tax Increment Financing, or TIF agreements. The laws governing these TIF agreements have evolved rapidly in recent legislative sessions. Pilot legislation was passed in the 2000 regular session of the General Assembly that created KRS 65.490 to .499. The pilot legislation was broadened in the 2001 regular session with the passage of HB 238 and SB 47. Evolution continued in the 2002 regular session with the passage of HB 372.

Projects with grant agreements completed after July 15, 2002, will be governed under the provisions of the "new" law, House Bill 372 as enacted in the 2002 Regular Session of the General Assembly. However, projects with grant agreements completed before July 15, 2002, are subject to the provisions of HB 238 and SB 47. One project that has advanced well into the grant proposal stage under the old law is the **Louisville Convention Center Hotel (hereafter "Hotel Project")**. The remainder of this letter will attempt to accomplish three purposes: 1.) Clarify the economic requirements of a TIF project; 2.) Establish a methodology for determining whether the economic requirements are fulfilled; and 3.) Convey the results of the Hotel project economic analysis. Our emphasis has been on developing a methodology that will bridge the old and new laws with equitable treatment to all projects.

Under HB 238, the economic requirements of a TIF project from the perspective of the Commonwealth are explicitly identified in KRS 65.703:



Any grant contract authorized by the state pursuant to subsection (2) of this section shall be evaluated to determine the amount of incremental state revenue from the project by the Office of State Budget Director, the Finance and Administration Cabinet, and the Revenue Cabinet. Approval shall not be granted if it is determined that there is no net positive economic impact to the Commonwealth.

SB 47 as enacted created a new section of code (KRS 65.681) that contains a similar provision:

(d) Each proposed development shall be evaluated by the Kentucky Economic Development Finance Authority in consultation with the Governor's Office of Economic Analysis for fiscal viability; and (e) The amount of the total assessment for each company locating within the development area shall be subject to approval by the Office of State Budget Director, the Finance and Administration Cabinet, and the Revenue Cabinet. Approval shall not be granted if it is determined that there is no net positive economic impact to the Commonwealth.

At your request, a working group was established to formalize the processes cited above, and several of our meetings to date have been focused on the **Hotel Project**. This group has obtained the relevant documents, carefully reviewed the material, and met a number of times to discuss both the project itself and the process for determining whether there is a net positive economic impact to the Commonwealth. We treated this project as falling under the old law, as grant signatures are expected before July 15. Notwithstanding this, we were under the directive to make the transition from old to new law as seamless as possible, so our methodology will translate directly into the HB 372 provisions for future projects.

Gross benefits are direct economic benefits from the actual project footprint plus any additional "multiplier" impacts, as determined in the 53-sector single-region REMI model operated by the Office of State Budget Director. To turn gross impacts into net impacts, we used a concept that mirrors language in the new law: *Taking into consideration any substantial adverse impact on existing Commonwealth businesses*. If we call these adverse impacts **offsets**, the group identified offsets as losses incurred by existing businesses, plus the cost of the TIF in terms of the portion of economic activity that will not generate revenues to the Commonwealth (since they are rebated with TIF Grants). We made a third offset for population-induced expenditures¹. Therefore, **net impacts** are identically equal to **gross benefits less offsets**.

¹ Projects that create increases in employment, etc., generally involve a migration of workers to the state. As population is added, costs to serve that population go up. OSBD typically assumes that economic migrants have a lower average cost than the citizenry as a whole, since the wider population includes residents who disproportionately use Medicaid and the Department of Corrections. To proxy the induced expense, we use the number of children between 5-18 (school aged children), and since employment is our numeraire, we use a student-to-teacher ratio of 19:1 to compute the number of new teachers that would be required to serve the new K-12 students. We then use wage data from the REMI model to inflate the teacher jobs to make a job in education comparable to a service-sector job.

These definitions and working concepts were then applied to the Hotel Project. Gross benefits include the economic impact of the project in terms of newly hired employees and net new visitation to the Commonwealth from our ability to accommodate more convention engagements, plus the normal multiplier effects that accompany direct impacts. The offsets include the potential for lost business at existing conference hotels and the amount of new commerce in the narrowly defined TIF district that will not generate incremental revenues to Kentucky. Also, workers who migrate to the state in response to the new demand for labor represent our population-induced expenditures.

With this framework in hand, the work group gathered data and input them into the REMI model. The biggest challenge from a modeling standpoint was finding a *numeraire*, or common unit of analysis. Normally everything gets translated into dollars, so typically we use net present valued dollars as a numeraire. However, TIF projects have factors that make the calculations more complex. For example, in the offsets for the TIF, we want to deduct only the portion of economic activity within the TIF boundary that does not result in taxable events for the State. However, the model computes a net effect without disaggregating which activities occur in and out of the TIF region. Therefore, for this project, we used employment for a numeraire. The remaining complication was converting population-induced expenditures into jobs, and that methodology is outlined in Footnote 1.

Our analysis for the Hotel Project is summarized on the attached chart. We modeled the project under two independent scenarios to test the robustness of the model and the validity of our assumptions. The results were remarkably similar. First, we used visitor days based on the number of rooms at the hotel and the assumed occupancy rate. The visitor days are a translator variable in the model, so the addition of a visitor day brings an impact on the hotel sector, eating and drinking establishments, ground transportation, and various retail sales sectors. Second, we used the disaggregated data on sales by sector. The results were very similar, so we used the disaggregated data since OSBD, under normal circumstances, uses specific estimates when they are available.

Several assumptions were required to complete the analysis. They are listed in bullet form below:

- A 25 percent substitution factor was used. We fully realize that substitution among hotels will occur, given that some of the hotel project business will likely displace business at existing hotels. Twenty-five percent is a reasonable assumption given the current market conditions in the Louisville hotel market, and given recent studies that indicate many conferences have ruled out the Louisville market for lack of sufficient hotel vacancies for the conference dates requested. We also used anecdotal information from the Indianapolis market, suggesting that some of the weekend business for their new convention center hotel displaced room rentals at other downtown establishments.
- For the visitor day study, an exogenous add factor was input into the model because REMI used a lower amount for the room rental per night.

We assumed that the room rental for a major conference center hotel would exceed the average room rate for all hotels.

- Since the salary in the education sector was slightly higher than the service sector, we inflated our population-induced job offset by approximately 15 percent.

The findings of the group are as follows:

- At a 50 percent TIF contribution, the estimates project a positive net economic impact in years 2004 through 2025.
- At an 80 percent TIF contribution, the results are obviously lower yet still positive in all years.
- We do hereby certify that our estimates for the **Louisville Convention Center Hotel Project** produce a net positive economic impact to the Commonwealth.
- We also do hereby certify the estimates for the annual increments listed on the second attachment.

Work Group Participants:

Greg Harkenrider, Office of State Budget Director
Don Mullis, Office of Financial Management, Finance & Administration Cabinet
Mary Lassiter, Office of State Budget Director
Charlotte Quarles, Revenue Cabinet
Brad Thomas, Revenue Cabinet

Attachments: Certification Form
Detailed Spreadsheet
Increment Spreadsheet

c: Work Group Participants
Terri Lovelace
David Lovelace
Todd Cassidy
Donna Duncan
Robin Kinney
Bart Hardin

Detailed Summary of Louisville Co., Kentucky Conference Center Hotel Economic Impacts

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	
Benefits												
Direct Employment	430	430	430	430	430	430	430	430	430	430	430	
Indirect Employment	158	315	311	290	271	258	245	233	224	217	210	
Total Gross Employment	588	745	741	720	701	688	675	663	654	647	640	
Offsets												
Substitution at 25% of direct	108	108	108	108	108	108	108	108	108	108	108	
Population Expenditure *	2	5	7	9	11	12	14	14	15	16	16	
TIF at 80%	344	344	344	344	344	344	344	344	344	344	344	
TIF at 50%	215	215	215	215	215	215	215	215	215	215	215	
Summary												
Total Benefits	588	745	741	720	701	688	675	663	654	647	640	
Total Offsets at 80%	453	456	459	461	463	464	465	466	467	467	467	
Total Offsets at 50%	324	327	330	332	334	335	336	337	338	338	338	
Net Positive Economic Impact	yes											
Benefits												
Direct Employment	430	430	430	430	430	430	430	430	430	430	430	
Indirect Employment	206	201	198	195	193	192	190	188	186	185	183	
Total Gross Employment	636	631	628	625	623	622	620	618	616	615	613	
Offsets												
Substitution at 25% of direct	108	108	108	108	108	108	108	108	108	108	108	
Population Expenditure *	16	16	16	15	14	14	13	12	12	11	11	
TIF at 80%	344	344	344	344	344	344	344	344	344	344	344	
TIF at 50%	215	215	215	215	215	215	215	215	215	215	215	
Summary												
Total Benefits	636	631	628	625	623	622	620	618	616	615	613	
Total Offsets at 80%	467	467	467	466	466	465	464	464	463	462	462	
Total Offsets at 50%	338	338	338	337	337	336	335	335	334	333	333	
Net Positive Economic Impact	yes											

Note: Population expenditures were proxied by a 19:1 teacher to pupil education requirement derived from the number of school-aged children added to the KY economy.
Source: www.kde.state.ky

Note: To make the comparison between jobs equitable, we used the ratio of salaries in service sectors to educators to apply a higher factor to teacher jobs.
Source: REMI model salary comparisons

TIF Estimates of Louisville Convention Center Hotel Project

	1 2003	2 2004*	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	11 2013
Year	2003	2004*	2005	2006	2007	2008	2009	2010	2011	2012	2013
* Hotel Opens 9/1/04											
Individual Income Tax	\$ 467,973	\$ 397,908	\$ 283,752	\$ 298,301	\$ 307,272	\$ 316,579	\$ 328,339	\$ 339,084	\$ 349,830	\$ 360,575	\$ 371,320
Sales and Use Tax	\$ 334,266	\$ 646,413	\$ 1,447,728	\$ 1,521,888	\$ 1,567,824	\$ 1,615,152	\$ 1,675,200	\$ 1,730,021	\$ 1,784,842	\$ 1,839,662	\$ 1,894,483
Gross State Portion of TIF	\$ 802,239	\$ 1,044,322	\$ 1,731,480	\$ 1,820,189	\$ 1,875,096	\$ 1,931,731	\$ 2,003,539	\$ 2,069,105	\$ 2,134,671	\$ 2,200,237	\$ 2,265,804
less											
Base Revenues x Annual CPI-U	\$ 76,551	\$ 78,694	\$ 80,819	\$ 82,920	\$ 84,993	\$ 87,116	\$ 89,296	\$ 91,528	\$ 93,817	\$ 96,162	\$ 98,566
Estimated Annual CPI-U	2.90%	2.80%	2.70%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Amounts Eligible For TIF Payment	\$ 725,689	\$ 965,627	\$ 1,650,661	\$ 1,737,269	\$ 1,790,103	\$ 1,844,613	\$ 1,914,243	\$ 1,977,577	\$ 2,040,855	\$ 2,104,075	\$ 2,167,237

Source: Estimated CPI-U From DR/WEFA June 2002 Forecast

	12 2014	13 2015	14 2016	15 2017	16 2018	17 2019	18 2020	19 2021	20 2022	21 2023	22 2024
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Individual Income Tax	\$ 382,066	\$ 392,811	\$ 403,556	\$ 414,301	\$ 425,047	\$ 435,792	\$ 446,537	\$ 457,283	\$ 468,028	\$ 478,773	\$ 489,518
Sales and Use Tax	\$ 1,949,304	\$ 2,004,125	\$ 2,058,946	\$ 2,113,766	\$ 2,168,587	\$ 2,223,408	\$ 2,278,229	\$ 2,333,050	\$ 2,387,870	\$ 2,442,691	\$ 2,497,512
Gross State Portion of TIF	\$ 2,331,370	\$ 2,396,936	\$ 2,462,502	\$ 2,528,068	\$ 2,593,634	\$ 2,659,200	\$ 2,724,766	\$ 2,790,332	\$ 2,855,898	\$ 2,921,464	\$ 2,987,030
less											
Base Revenues x Annual CPI-U	\$ 101,030	\$ 101,030	\$ 103,556	\$ 106,145	\$ 108,799	\$ 111,519	\$ 114,307	\$ 117,164	\$ 120,093	\$ 123,096	\$ 126,173
Estimated Annual CPI-U	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Amounts Eligible For TIF Payment	\$ 2,230,339	\$ 2,295,905	\$ 2,358,946	\$ 2,421,923	\$ 2,484,835	\$ 2,547,681	\$ 2,610,460	\$ 2,673,168	\$ 2,735,805	\$ 2,798,369	\$ 2,860,857