

RESOLUTION NO. 95- 28

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A MEMORANDUM OF UNDERSTANDING AMONG ST. JOHNS COUNTY, FLORIDA, JOHN Q. HAMMONS HOTELS TWO, L.P. AND JOHN Q. HAMMONS, PERSONALLY AND AS SOLE TRUSTEE OF THE TRUST CREATED AND ESTABLISHED BY THE JOHN Q. HAMMONS REVOCABLE TRUST AGREEMENT DATED DECEMBER 28, 1989, AS AMENDED ON MAY 2, 1994, RELATING TO THE ACQUISITION BY THE COUNTY OF A PUBLIC CONVENTION CENTER TO BE LOCATED IN THE COUNTY AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, John Q. Hammons Hotels, Two, L.P. ("Hammons - L.P.") and John Q. Hammons, personally and as sole trustee of the Trust created and established by the John Q. Hammons Revocable Trust Agreement dated December 28, 1989, as amended on May 2, 1994 ("Hammons"), desire to construct a convention center upon certain lands within the World Golf Village project in St. Johns County, Florida (the "County"), and to sell such land and convention center to the County;

WHEREAS, the County desires to acquire a public convention center to be located in the County for the benefit and prosperity of the inhabitants of the County and to promote and foster economic growth and development within the County;

WHEREAS, the County, Hammons - L.P. and Hammons have engaged in initial negotiations whereby Hammons - L.P. will construct the convention center upon said land and the County will acquire said lands and purchase a completed public convention center located thereon in order to accomplish the foregoing public purposes;

WHEREAS, the County, Hammons - L.P. and Hammons desire to enter into a Memorandum of Understanding, substantially in the form attached hereto as Exhibit A (the "Memorandum of Understanding"), in order to evidence certain agreements among the parties relating to the proposed transaction; and

WHEREAS, the County hereby finds and determines that it is in the best interest of the County to approve the Memorandum of Understanding, to authorize the Chair or Vice Chair of the Board of County Commissioners of the County (the "Chair") to execute and deliver on behalf of the County the Memorandum of Understanding and to authorize the Chair, the Clerk of the Board of County Commissioners of the County (the "Clerk"), the County Administrator, other officials of the County and the County's bond counsel and financial advisor to do or cause to be done any and all things necessary or advisable for carrying out the transactions contemplated by the Memorandum of Understanding and this resolution in the manner hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, as follows:

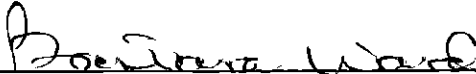
SECTION 1. The Memorandum of Understanding attached hereto as Exhibit A is hereby approved. The Chair is hereby authorized to execute and deliver the Memorandum of Understanding with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chair prior to the delivery thereof, such necessity and/or desirability and approval to be presumed by the Chair's execution and delivery thereof. The Chair, the Clerk, the County Administrator, other officials of the County and the County's bond counsel and financial advisor are hereby authorized to do or cause to be done any and all things necessary or advisable for carrying out the transactions contemplated by the Memorandum of Understanding and this resolution, provided, however, such authorization does not include the authority to execute and deliver the P & S Agreement (as defined in the Memorandum of Understanding) or to issue or sell the County's Bonds (as defined in the Memorandum of Understanding).

SECTION 2. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 3. This resolution shall take effect immediately upon its adoption.


PASSED, APPROVED AND ADOPTED this 14 day of February 1995.

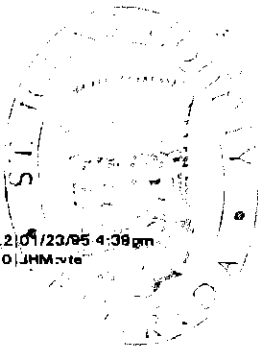
BOARD OF COUNTY COMMISSIONERS OF  
ST. JOHNS COUNTY, FLORIDA

  
\_\_\_\_\_  
Its Chair      Barbara Ward

(OFFICIAL SEAL)

ATTEST: Carl "Bud" Markel

  
\_\_\_\_\_  
Its Clerk



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**MEMORANDUM OF UNDERSTANDING**

**THIS MEMORANDUM OF UNDERSTANDING**, dated as of February 14, 1995, is by and among (1) **ST. JOHNS COUNTY, FLORIDA** (the "County"); (2) **JOHN Q. HAMMONS HOTELS TWO, L.P.** and its successors and assigns ("Hammons-LP"); and (3) **JOHN Q. HAMMONS**, personally and as sole trustee of the Trust created and established by the **JOHN Q. HAMMONS REVOCABLE TRUST AGREEMENT DATED DECEMBER 28, 1989**, as amended on May 2, 1994 and their respective successors and assigns (collectively, "Mr. Hammons").

**FOR GOOD CONSIDERATION**, the receipt and sufficiency of which are hereby acknowledged by the County, Hammons-LP and Mr. Hammons, the parties hereto hereby agree as follows:

1. **Agreement to Sell and Purchase.** In the manner set forth in section 3 below, the County will agree to buy, and Hammons-LP will agree to sell (A) approximately 10.4 acres of land (the "Land") located within the World Golf Village project in the approximate location shown on the plan attached as Exhibit A. and (B) the Convention Center hereinafter described, which shall consist of the convention center structure and all improvements, furnishings and equipment necessary or appropriate for the successful operation of a public convention center. In addition to the approximately 10.4 acres described above, the Land shall include all easements necessary and appropriate for the construction, use and operation of the public Convention Center and the hotel hereinafter described. Hammons-LP will convey the Land to the County by warranty deed, free and clear of all encumbrances, other than a permanent, irrevocable air rights easement (the "Air Rights Easement") retained by Hammons-LP and other easements and restrictions that are acceptable to the County and subject to a reservation of right in Hammons-LP to design and construct a convention center on the Land in the

manner and for the purpose contemplated herein (the "Reservation of Right"). Subsequent to the conveyance of the Land, Hammons-LP shall timely cause a convention center (the "Convention Center") to be constructed, furnished and equipped on the Land for ownership by the County; the Convention Center to consist of substantially all of the ground level of a building (the "Building") as shown in the plan of the Convention Center appended hereto as Exhibit F. The balance of the Building shall consist of a 300-room hotel (the "Hotel") and related amenities to be constructed and owned by Hammons-LP within the Air Rights Easement. The Air Rights Easement shall include such rights of access, egress, support and utility connections as may be necessary to allow construction and operation of the Hotel.

Prior to the execution of this Memorandum of Understanding Hammons-LP will have provided the County with evidence satisfactory to the County that Hammons-LP has an enforceable agreement to purchase the Land from its current owner.

2. Purchase Price. The P & S Agreement hereinafter described will describe the definitive conditions under which the County will purchase the Land and the Convention Center. It is now contemplated that the consideration to be provided by the County to Hammons-LP for the Land will be the County's execution of the P & S Agreement. The P & S Agreement will provide, among other things, that the County will pay Hammons-LP up to Eleven Million Dollars (\$11,000,000) (the "Purchase Price") for a new fully furnished, equipped and operational Convention Center, payable in a mutually acceptable number of equal installments over a period of 16 months commencing on the first day of the first calendar month subsequent to the sale of the Bonds hereinafter described; provided however, that in no event shall the County be required to make any such payment if at such time (i) the construction of the Convention Center is not proceeding

in accordance with a construction budget and schedule for the Convention Center mutually agreed upon by the County and Hammons-LP and appended to the P & S Agreement; (ii) the actual cost of constructing, furnishing and equipping the portion of the Convention Center that is constructed and in place is less than the sum of the County's previous payments plus the current payment; (iii) the construction of the Hotel is not proceeding in accordance with a schedule for the construction of the Hotel mutually agreement upon by the County and Hammons-LP and appended to the P & S Agreement; (iv) Hammons-LP is unable to obtain for the County an endorsement to the County title insurance policy (referred to below) insuring that the County is protected up to the full amount of the Purchase Price paid by the County prior to such date, free of any mechanic's, laborers or materialman's claims or liens of any sort; (v) the County has not received an acceptable payment and performance bond that is then currently in effect that insures all payments to the contractors, subcontractors, laborers and materialmen pertaining to the construction of the Convention Center/Hotel project and the completion thereof; and/or (vi) Hammons-LP has failed to obtain and maintain for the benefit of the County all-risk property and builders risk insurance and liability insurance with respect to the Land, the Convention Center and the Hotel. Items (i), (ii) and (iii) shall be certified to by an inspecting architect approved by the County as a condition to each installment payment.

Notwithstanding the foregoing payment schedule, the County may retain an amount to be agreed upon by the parties prior to execution of the P & S Agreement. Such amount may be retained until the County is assured (i) that the Convention Center has been fully constructed, equipped and furnished as required by the plans, specifications and P & S Agreement to the

satisfaction of the County; (ii) that there are no mechanics liens on, or susceptible of being placed on, the Land or the Convention Center; and (iii) title to the Convention Center including its fixtures, equipment and furnishings is fully vested in the County free of all liens and encumbrances other than the Air Rights Easement and such other restrictions and/or encumbrances as are acceptable to the County.

Hammons-LP shall purchase and provide to the County all bonds, insurance and title insurance acceptable to the County that are necessary and appropriate to comply with the terms of this Memorandum of Understanding and the terms of the P & S Agreement.

3. P & S Agreement; Initial Closing. Promptly after the execution of this Memorandum of Understanding the parties hereto will proceed in good faith to negotiate a definitive purchase and sale agreement (the "P & S Agreement") which will obligate Hammons-LP to sell the Land to the County and the County to purchase the Land from Hammons-LP. The P & S Agreement will also require Hammons-LP to provide the County with the possession and ownership of the fully equipped, furnished and operational Convention Center in accordance with plans and specifications that are acceptable to the County and incorporated into the P & S Agreement. The Convention Center shall be substantially as shown on the plan depicting the Convention Center and the Hotel lobby as indicated on Exhibit F attached hereto and shall also include appropriate access facilities, parking facilities and landscaping. In the event the Convention Center amenities do not, in the opinion of the County, provide sufficient amenities and facilities to establish that the Convention Center serves the County's public purposes over and above the convention and meeting facilities that are routinely provided by hotels comparable to the Hotel in a manner required by Florida Statute

125.0104(5)(a)(1) and Section 10 of Article VII Florida Constitution, then the County may decline to execute the P & S Agreement and this Memorandum of Agreement shall terminate without liability to the County. The design plans and specifications shall show all details of the Convention Center, including its fixtures, equipment and furnishings. They shall also show all access and drainage easements necessary for the full and complete use of the entire Building project. Prior to executing the P & S Agreement and/or marketing the Bonds, the County may require a feasibility study that demonstrates the adequacy of the size, cost and location of the Convention Center. The P & S Agreement will have attached thereto the form of all easements and documents necessary and appropriate to provide the Convention Center and the Hotel with public and private access and utility services and such off-site drainage and other facilities and areas as are necessary and appropriate for the construction and operation of the Building and such title insurance or proof of title and such engineers certificates as the County shall reasonably require. The P & S Agreement shall provide that the sale and purchase of the Land and the providing of the Convention Center to the County shall be accomplished substantially in the manner set forth in section 2 above. The P & S Agreement shall incorporate all the terms and conditions of this Memorandum of Understanding, together with such other terms and conditions as the County, Hammons-LP and Mr. Hammons may mutually agree upon. The P & S Agreement will include the definitive agreement between the parties hereto relating to the County's obligation to attempt to sell the Bonds (as defined in Section 4 below) and will have attached to it as exhibits in form acceptable to all parties hereto all other agreements, documents, certificates, opinions and instruments necessary or appropriate to implement the provisions of this Memorandum of Understanding and to consummate the sale of the Land to the County, the

construction of the Convention Center and the Hotel, and the vesting of complete ownership of the fully equipped, furnished and operational Convention Center in the County. The P & S Agreement will also contain definitive descriptions or exhibits of the form of the warranty deed conveying the Land to the County; the Air Rights Easement; the Reservation of Right; the Jobs Creation Agreement described in section 15 below; the guaranties; all other documents, recorded and otherwise, necessary or appropriate to assure payment to the County of the Voluntary Occupancy Fee, the Hammons-LP Minimum Payment, the County Ticket and Event Parking Revenue, the Automobile Rental Surcharge, the Golf Hall of Fame Admission Fee, the Secondary Source Payment, the Special Assessment Payment Source, and all other payments contemplated as revenue sources for payment of the Bonds; the Operating Agreement pertaining to the operation of the Convention Center; the Payment In Lieu of Taxes Agreement pertaining to property taxes and assessments described in section 12 hereof; and such other provisions, opinions, certificates, instruments, documents and exhibits as are appropriate to effectuate the intent of this Memorandum of Understanding. The P & S Agreement and the supporting documents shall be drafted by Hammons-LP in forms and of substance acceptable to the County and shall be structured in a manner that the County is assured that the County does not, and will not, violate Florida Statute 287.055 (see for instance City of Lynn Haven v Bay County Council Of Registered Architects, 528 So. 2d 1244 (Fla. 1st DCA 1988) and see AGO 88-54) Florida Statute 255.101, Florida Statute 255.20 and/or other applicable laws. As a condition precedent to executing the P & S Agreement the County may require an opinion from Foley & Lardner and/or such other law firms as the County may choose assuring the County that the County's execution and performance of the P & S Agreement and supporting documents does not violate Florida law.

At or prior to the signing of the P & S Agreement, Hammons-LP shall provide the County with a signed loan commitment (the "Commitment") from the Employees' Retirement System of Alabama and the Teachers' Retirement System of Alabama and/or such other Lender as Hammons-LP shall have obtained (collectively, the "Lender") evidencing the Lender's agreement to make a loan (the "Loan") to Hammons-LP in an amount which, together with any guaranteed equity contribution from Hammons-LP and the up to \$11,000,000 to be paid by the County, will be sufficient to construct, equip and furnish the entire Building and improve the Land as contemplated by the P & S Agreement and its supporting documents. The P & S Agreement will provide that Hammons-LP shall diligently proceed to satisfy the terms and conditions of the Commitment and will close the Loan prior to or simultaneously with the County's sale of the County's Bonds, as such Bonds are hereinafter described and defined.

Additionally, at or prior to the signing of the P & S Agreement, Hammons-LP shall provide the County with a certified copy of a current title insurance policy or binder in form and amount satisfactory to the County insuring, or agreeing to insure, the County's title to the Land in fee simple subject only to the Reservation of Right and to the Air Rights Easement and such other restrictions and encumbrances that are acceptable to the County.

The P & S Agreement and certain supporting documents will be executed at the initial closing (the "Initial Closing") presently contemplated to occur on or before the date set forth in section 23 below.

The P & S Agreement will expressly provide that the County's obligation to make purchase payments is conditioned upon the

County's prior issuance and sale of its taxable convention center revenue bonds in the manner and amounts described in section 4 below.

4. **Bond Contingency.** The County's obligation to proceed with its obligations under the P & S Agreement, including making payments to Hammons-LP pertaining to the Convention Center, is expressly subject to the prior sale by the County of its taxable convention center revenue bonds (the "Bonds") in an amount sufficient to pay the not to exceed \$11,000,000 Purchase Price plus all transaction costs, underwriters discount, capitalized interest, debt service reserve and other expenses and reserves as the County deems necessary. The County shall use its good faith efforts to market the Bonds on the terms and subject to the conditions and within the parameters outlined herein and on Exhibits B and D hereto. It is expressly agreed that the County may without incurring any liability to the County, if it deems advisable, appropriate or necessary, require the Bonds to be successfully validated at County's expense pursuant to Chapter 75, Florida Statutes prior to their sale. If the Board of County Commissioners of the County elects to pursue validation, Hammons-LP may at such time or at any time thereafter prior to entry of a final non appealable final judgment and, if applicable, non appealable appellate court opinion that validates the Bonds, elect to terminate this Memorandum of Understanding and the P & S Agreement, whereupon no party hereto shall have any liability or further obligation to the other parties hereto. As a condition precedent to the County's obligation to market and issue the Bonds, the County may also require that Hammons-LP demonstrate to the County's satisfaction that it has all governmental permits and authorizations necessary to construct the Building and operate the Hotel and that the County and Hammons-LP have all governmental permits and authorizations, if any, necessary to

operate the Convention Center. As further conditions precedent to the County's obligation to market or issue the Bonds, the County shall require that Hammons-LP purchase and deliver to the County a construction performance and payment bond satisfactory to the County insuring the completion of the entire Building project and the payment of all contractors, subcontractors, materialmen, vendors and laborers and that Hammons-LP provide the County with evidence satisfactory to the County that Hammons-LP will close its Loan at or prior to the closing of the sale of the County's Bonds. The County shall be a named beneficiary on the payment and performance bond. The County's obligation to sell the Bonds shall be expressly conditioned upon the County obtaining a bona fide offer to purchase all of the Bonds at a market rate acceptable to the County. The P & S Agreement will provide that if the County is unable to issue and close the sale of the Bonds pursuant to the terms of this Memorandum of Understanding and the P & S Agreement within 60 days of the execution of the P & S Agreement, the County's obligation to issue the Bonds and perform its other obligations hereunder and under the P & S Agreement shall cease without liability to the County or Hammons-LP and the Memorandum of Agreement and the P & S Agreement will automatically terminate.

Notwithstanding the above, the County shall not have any obligation to market the Bonds until such time as the County has received from Hammons-LP and has reviewed and approved in all respects: (i) a detailed construction budget incorporating all costs of constructing, equipping and furnishing the Convention Center and the Hotel, including the completion of all other improvements to the Land; (ii) a detailed construction cost schedule showing the time at which each cost shown on the construction budget for the Convention Center, for the Hotel and for the other improvements to the Land is expected to be

incurred; (iii) guarantees to the County by Hammons-LP and by Mr. Hammons that the Building will be constructed and operational in a timely manner consistent with the County's projected Bond payment and debt service requirements and that the construction thereof will comply with all applicable governmental building codes and land use regulations; and (iv) an environmental audit relating to the Land satisfactory to the County. The construction budget must demonstrate that the actual cost of constructing, equipping and furnishing the Convention Center will not be less than \$11,000,000 (with any excess to be paid for by Hammons-LP and guaranteed by Mr. Hammons as set forth in section 7 below).

Additionally, at or prior to the closing of the sale of the Bonds, Hammons-LP shall provide the County with (i) the warranty deed as described in sections 1 and 3 hereof, (ii) a title insurance policy issued by a title insurer acceptable to the County effective the date of the Bond closing in a form and amount satisfactory to the County evidencing that the County owns the Land in fee simple with no liens or encumbrances thereon other than the Reservation of Right, the Air Rights Easement and such other easements and/or restrictions that are acceptable to the County, and (iii) such other documentation, recorded or otherwise, as the County and the title insurance company may require in order to assure them that the County will be able to receive the title insurance described above and in section 2.

The County shall have no obligation to close the sale of the Bonds until all the agreements, certificates, opinions, instruments and other documents described or contemplated in sections 2 and 3 above have been executed, delivered and if appropriate, recorded.

5. Actions Upon Sale of Bonds. Prior to, or simultaneously with, the closing of the sale of the Bonds, the parties hereto will take the following actions:

(a) All agreements, certificates, opinions, instruments and documents, if any, contemplated by the P & S Agreement that have not previously been executed and delivered shall be executed and delivered by the appropriate parties thereto;

(b) Hammons-LP shall deliver the executed warranty deed and the title insurance to the County as described in section 4 above. The warranty deed, the title insurance and the title insurance commitments shall be in form and substance satisfactory to the County;

(c) Hammons-LP shall close its Loan from the Lender in such amounts as when combined with any guaranteed equity contribution from Hammons-LP and the County's up to \$11,000,000 are sufficient to fully construct, equip and furnish the entire Building and complete the other improvements to the Land; and

(d) Hammons-LP and its general contractor, or equivalent, will execute the final agreement necessary to construct, equip and furnish the entire Building and complete the other improvements to the Land.

6. Construction Obligations. After completion of the actions contemplated in Section 5 hereof, Hammons-LP shall promptly commence and diligently pursue the construction, equipping and furnishing of the entire Building project, including without limitation Landscaping and the construction of ingress/egress, parking and drainage facilities, to their timely completion. The anticipated construction period is sixteen (16) months. The P & S Agreement shall provide a final Building and project completion date.

7. Payment and Completion Guaranty. Hammons-LP will guarantee to the County the on-time, on-budget completion of the obligations outlined in Section 6 hereof and the payment in full of the costs thereof. Mr. Hammons will personally guarantee the completion and payment obligations of Hammons-LP.

8. Construction and Operation of Hotel. Upon the closing of the sale of the Bonds, Hammons-LP shall have the right and obligation to construct, furnish and equip the 300-room Hotel in the Air Rights Easement and to construct the Building's related facilities on the Land as described in the P & S Agreement. Hammons-LP shall also retain the right to construct, furnish and equip an additional 100 rooms to expand the Hotel at a mutually acceptable location on the Land provided that (i) such construction does not interfere with the efficient operation of the Convention Center, and (ii) such construction complies with all then applicable building codes and land use laws and regulations. Prior to the execution of the P & S Agreement, Hammons-LP will cause its architects to study the natural and architectural landscape of the World Golf Village site and design the Building and related Building facilities to compliment the surroundings. The Hotel will be designed to represent a unique combination of fine architecture and innovative interior design. The Hotel will include an expansive atrium with plush, live foliage creating a garden-like setting. The Hotel will also include complete health club facilities, one or more swimming pools, fine dining facilities, executive travel services, an atrium lounge, and other attractions such as glass elevators, waterfalls, and a stream through the atrium. The Architect drawings pertaining to the exterior of the Hotel and its location on top of and or adjacent to the Convention Center will be incorporated into the P & S Agreement. Hammons-LP shall agree to operate the Hotel as a hotel for at least the term of the Bonds.

9. (Not Used).

10. Operating Agreement; Use. Commencing 10 days after Hammons-LP receives written notice from the County that the County is satisfied that the Convention Center has been substantially constructed, equipped and furnished as required by the plans, specifications and P & S Agreement, Hammons-LP shall commence operating the Convention Center for the County pursuant to an operating agreement (the "Operating Agreement") on the terms and subject to the conditions set forth in Exhibit C hereto, together with such other terms and conditions as may be required by the County and/or Hammons-LP and are mutually acceptable to the County and Hammons-LP. The Operating Agreement shall provide that Hammons-LP shall commence marketing the use of the Convention Center not less than 3 months prior to its scheduled completion date. The Operating Agreement shall also provide that the Convention Center shall at all times be operated as a public facility by a qualified convention center operator subject to the control of the County sufficient to enable the County to comply with Florida Statute 125.0104(5)(a)(1), Florida Statutes Chapter 159, Part VII, Section 10 of Article VII Florida Constitution and other laws applicable to the County's issuance of the Bonds and the County's ownership of the Convention Center and the operation thereof. As a further condition precedent to the County's executing the P & S Agreement, Hammons-LP shall provide the County with sufficient documentation to establish that the Operating Agreement and the County's use of Hammons-LP to operate the Convention Center purchased by the County with the proceeds of its Bonds is consistent with, and does not violate, such laws. As a further condition precedent to the County's execution of the P & S Agreement and/or the County's issuance of its taxable convention center revenue bonds, the County may require an opinion from Foley & Lardner and/or such other law

firms as the County may choose assuring the County that the County's execution of the Operating Agreement and the use of Hammons-LP as operator does not cause the County to violate Florida Statute 125.0104(5)(a)(1), Florida Statute Chapter 159, Part VII, Section 10 of Article VII Florida Constitution or other Florida laws.

11. **Operating Agreement Payment and Payment in Lieu of Taxes Guaranty.** Hammons-LP shall be responsible for all performance obligations arising under the Operating Agreement which shall include but not be limited to the obligations set forth in Exhibit C hereto. Mr. Hammons will personally guarantee these Operating Agreement obligations. Mr. Hammons will also personally guarantee the payment of the property taxes and governmental assessments and/or the payments in lieu of property taxes and governmental assessments described in section 12 hereof.

12. **Property Taxes and Governmental Assessments; Payment in Lieu of Taxes.** Hammons-LP shall pay property taxes and governmental assessments, if any, on the Hotel and the Air Rights Easement in the same manner as any other private owner of comparable property in St. Johns County. Hammons-LP shall also pay the property taxes and governmental assessments, if any, on the Convention Center and the Land as if they were owned by Hammons-LP. In the event that Florida taxing or governmental assessment law prohibits governmental units from requiring Hammons-LP to pay property taxes and/or governmental assessments on, or because of, the Convention Center and/or the Land because of the County's ownership thereof, or otherwise prevents such property taxes and/or governmental assessments from becoming a lien on, or chargeable to, such property, then Hammons-LP hereby agrees that it will promptly pay directly to the appropriate

governmental taxing and/or governmental assessing entities the amounts each year that such entities would have received if such property taxes and/or governmental assessments could have been charged and collected pursuant to Florida property tax and/or governmental assessment law. The payment in lieu of property taxes and/or governmental assessments to the County shall in all events be made each year on or before the first month of the Bond year. Mr. Hammons will personally guarantee payment of the above described property taxes and governmental assessments and, if and when applicable, the above described payments in lieu of property taxes and governmental assessments. It shall be specifically stated in the P & S Agreement that no ad valorem taxes, none of the governmental assessments, and no payment in lieu of governmental assessments shall be pledged or need be used for payment of the Bonds. The County's portion of the payment in lieu of property taxes, if any, shall be pledged or used for payment of the Bonds.

13. **Further Obligations of Hammons-LP.** Hammons-LP will be obligated to timely pay the County up to Three Hundred Thousand Dollars (\$300,000) per annum in amounts and in sufficient time to make up for any shortfall in revenues necessary to pay debt service on the Bonds, all as described as the Secondary Payment Source on Exhibit B attached hereto. Mr. Hammons will personally guarantee payment of such shortfall in revenues.

14. **Compliance with Laws.** Hammons-LP will fully comply with all applicable laws, regulations and ordinances, including, without limitation, all land use laws and regulations, all building codes and all public bidding laws now or hereinafter applicable to the design, construction, surveying, equipping, furnishing, operation and financing of the Convention Center, the

Land and the Hotel or any portion thereof in the manner contemplated hereby and as provided in the P & S Agreement.

15. Job Creation. Hammons-LP and the County shall enter into a good faith job creation, minority outreach agreement to ensure that during construction and operation of the Convention Center and Hotel all job related laws applicable thereto are fully complied with and that every effort will be made to provide jobs to the full spectrum of St. Johns County residents.

16. Conditions to the Obligations of the County to Proceed. The obligation of the County to proceed in good faith to negotiate, execute and deliver the P & S Agreement and its supporting documents and to thereafter perform the County's obligations contemplated thereby, is expressly subject to the following conditions:

(a) That the P & S Agreement, the Operating Agreement and all other documents relating to the P & S Agreement and/or to the issuance and sale of the Bonds shall be consistent with the terms and conditions of this Memorandum of Understanding and otherwise acceptable to the County in every respect;

(b) That Hammons-LP and Mr. Hammons fulfill every obligation imposed upon them herein and in the P & S Agreement;

(c) That the County receive such assurances as the County may require (which assurances may include bond validation) to confirm that the performance by the County and by Hammons-LP of all their obligations hereunder and under the P & S Agreement and its supporting documents, including, without limitation, the issuance of the Bonds and the construction and operation of the Convention Center is in compliance with all applicable laws, regulations and ordinances; and

(d) That the County is successful in selling the Bonds on reasonable terms within the parameters set forth in Exhibit D and the P & S Agreement.

17. Conditions to the Obligations of Hammons-LP and Mr. Hammons to Proceed. The obligation of Hammons-LP and Mr. Hammons to proceed in good faith to negotiate, execute and deliver the P & S Agreement and its supporting documents and to thereafter perform their obligations contemplated thereby, is expressly subject to the following conditions:

(a) That the P & S Agreement, the Operating Agreement and all other documents relating to the P & S Agreement and/or to the issuance and sale of the Bonds shall be consistent with the terms and conditions of this Memorandum of Understanding and otherwise acceptable to Hammons-LP and Mr. Hammons in every respect;

(b) That the County substantially fulfills every obligation imposed upon it herein and in the P & S Agreement.

18. Liability and Assignment. All parties acknowledge that this is a preliminary agreement. No party hereto shall ever have any liability to any other party hereto until and unless each and every condition to its obligation to perform as set forth in Sections 16-17 hereof has been satisfied and such party nevertheless fails to perform. Without limiting the generality of the foregoing, the County shall have no liability to Hammons-LP or Mr. Hammons if the parties hereto, after good faith negotiation, are unable to agree on the terms and conditions of the P & S Agreement and/or its supporting documents or the documents evidencing the Bonds, or if the County is unable to timely sell the Bonds on terms which are consistent herewith and are otherwise commercially reasonable. In addition to the foregoing, in no event shall any party hereto ever be liable to any other party hereto by reason of this Memorandum of

Understanding except for such other party's actual out of pocket expenses and no party's total liability hereunder shall exceed \$500,000. The County's liability, if any, shall be paid only from non pledged non ad valorem revenues that are legally available at the time of payment. No other person or entity shall have any rights or obligations under this Memorandum of Understanding. No right or obligation under this Memorandum of Understanding may be assigned without the prior written consent of the other signatory parties hereto. No person or entity other than the parties hereto are bound by or may rely upon this Memorandum of Understanding.

19. **(Not Used)**

20. **Qualification Prior to Initial Closing.** Prior to the Initial Closing, Hammons-LP shall take such actions as are necessary pursuant to Section 620.169, Florida Statutes, to cause Hammons-LP to be registered with the Department of State as a foreign limited partnership qualified to do business in Florida, including, but not limited to, submission of an application for registration as a foreign limited partnership meeting the requirements of Section 620.169, Florida Statutes.

21. **(Not Used)**

22. **Descriptions Not Complete.** The listing and descriptions of documents herein and the itemization and listing of certain details of such documents and of the Bonds shall not be deemed to be complete and shall not prevent the County from requiring additional instruments, documents, certificates, requirements, details, opinions and assurances as the County shall deem appropriate.

23. **Termination.** This Memorandum of Understanding will terminate and be of no force and effect if the P & S Agreement and its supporting documents are not executed and in place prior to June 30, 1995.

24. **Permits, Fees, Licenses.** Hammons-LP will be responsible for procurement and payment of all permits; fees, including impact fees; licenses and the satisfaction of all governmental requirements pertaining to the construction and initial operation of the entire Building.

25. **Insurance.** Hammons-LP shall, at its expense, provide casualty, liability and business interruption insurance for the Land and the completed Hotel and completed Convention Center issued by companies in form and amounts acceptable to the County. The County shall be a named insured thereon.

26. **Land Use Laws.** Prior to executing the P & S Agreement, Hammons-LP shall provide the County with proof satisfactory to the County that the proposed Building and other proposed improvements to the Land comply with all applicable County, State and Federal land use regulations and laws.

27. **Hotel Operations Insurance.** Hammons-LP shall include the County as a co-insured under its Hotel operation insurance policy. (ie. insurance pertaining to the continued operation of the Hotel.)

28. **Payment Guarantees.** In connection with the personal guarantees to be provided by Hammons-LP and by Mr. Hammons, Hammons-LP and Mr. Hammons shall provide to the County security therefor in the same form as they provide or agree to provide

security to the Lender in connection with similar guarantees relating to the Hotel.

**29. Additional Condition Precedent to Executing P & S Agreement.**

A. As an additional condition precedent to any party hereto executing the P & S Agreement, all parties hereto shall have received sufficient assurances, by such recorded and/or unrecorded documentation as such parties deem necessary, to assure such parties that the Hotel, the residential rental units within the World Golf Village Site and the Interstate Hotels located within the St. Johns DRI are, or will be, timely constructed and operational in the manner and at the times projected by the County as revenue sources to be used to pay the County's Bonds.

B. The County may also require as a condition precedent to executing the P & S Agreement and/or issuing the Bonds evidence satisfactory to the County that the golf Hall of Fame, the initial 18 hole resort quality golf course and clubhouse, and the golf academy that are described in the Tourism Development Agreement by and between the County and the Tour dated November 26, 1991 will be constructed and will begin operation on or prior to the completion of the Convention Center.

C. The County will timely obtain an opinion from Foley & Lardner and/or such other law firms as the County may choose advising the County whether the County's purchasing policy prohibits the County from executing the P & S Agreement, the Operating Agreement and/or any other supporting document without first publicly soliciting competitive bids. In the event such opinion indicates that one or more competitive bids is required, the County will and must amend its purchasing policy to eliminate the policy's requirement of such competitive bids pertaining to

the Building and/or the Convention Center prior to executing the P & S Agreement.

**30. Hammons-LP to Cause Its Attorneys To Provide Legal Opinions To County At County's Request.**

As a precondition to the County executing the P & S Agreement and/or issuing the Bonds, in the event the County retains a law firm to provide the County with one or more opinions pertaining to the legality of the County (i) executing the P & S Agreement, the Operating Agreement and/or any of their supporting documents; (ii) issuing the Bonds; and/or (iii) performing the County's obligation under the Bonds, the P & S Agreement, the Operating Agreement and/or their supporting documents, and if requested by the County, Hammons-LP will, at Hammons-LP's expense, cause the law firm that is advising Hammons-LP on such matter to provide to the County such law firm's opinion, addressed to the County, pertaining to the legality of the subject matter identified by the County in the County's request.

**31. Governing Law.** The laws of the State of Florida shall govern this Memorandum of Understanding.

**32. Hammons-LP and John Q. Hammons Hotels, Inc. To Maintain Existence.** Hammons-LP (the "Partnership") and - section 18 notwithstanding - John Q. Hammons Hotels, Inc. (the "Corporation") covenant and agree that during the term of this Memorandum of Agreement they will maintain their respective partnership and corporate existence, will continue to be a partnership and corporation respectively either organized under the laws of or duly qualified to do business as a foreign corporation in the State of Florida and in all jurisdictions necessary in the operation of their business, will not dissolve or otherwise dispose of all or substantially all of their assets

and will not consolidate with or merge into another partnership or corporation or permit one or more other partnerships or corporations to consolidate with or merge into them. The Partnership and/or the Corporation may, however, without violating the agreements contained in this Section 32, consolidate with or merge into another partnership or corporation or permit one or more other partnerships or corporations to consolidate with or merge into it, or sell or otherwise transfer to another partnership or corporation all or substantially all of their assets as an entity and thereafter liquidate or dissolve, if (1) the Partnership or the Corporation, as the case may be, is the surviving, resulting or transferee partnership or corporation or (2) in the event the Partnership or the Corporation is not the surviving, resulting or transferee partnership or corporation, as the case may be, such partnership or corporation (a) is a partnership or corporation either organized under the laws of or duly qualified to do business as a foreign corporation subject to service of process in the State of Florida, (b) assumes in writing all of the obligations of the Partnership or the Corporation, as the case may be, (c) will have a net worth immediately subsequent to such consolidation, merger, sale or transfer at least equal to the greater of that of the Partnership or the Corporation, as the case may be, immediately prior to the execution of this Memorandum of Understanding or immediately prior to the consolidation, merger, sale or transfer, or such other net worth acceptable to the County, and (d) delivers to the County an opinion of counsel that the transfer is in compliance with this Memorandum of Understanding.

33. Covenant of World Golf Village, Inc. Required. As a condition precedent to the County executing the P & S Agreement, the County may require World Golf Village, Inc. to agree to provide additional county-wide promotional advertising each year

equal in value to 150% of the 1% tourist development tax that is collected by the County during the County's fiscal year from the Hotel, the residential rental units and the Interstate Hotels described in section 6(b) of Exhibit B. The County will select this advertising from a menu of choices presented by World Golf Village, Inc. The content of such advertising must be acceptable to the County.

**IN WITNESS WHEREOF** the parties hereto have executed this Memorandum of Understanding as of the date first set forth above.

**ST. JOHNS COUNTY, FLORIDA, by its  
BOARD OF COUNTY COMMISSIONERS**

By: *Barbara Ward*  
Its Chair

**JOHN Q. HAMMONS HOTELS TWO, L.P.**

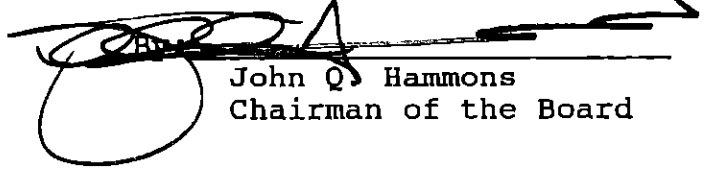
By: John Q. Hammons Hotels, L.P.  
Its general partner

By: John Q. Hammons Hotels,  
Inc., its general  
partner

*[Signature]*  
John Q. Hammons  
Chairman of the Board

*[Signature]*  
**JOHN Q. HAMMONS, personally and  
as sole trustee of the  
aforesaid trust**

John Q. Hammons Hotels, Inc.  
as to section 32



John Q. Hammons  
Chairman of the Board

**PRELIMINARY PARKING SUMMARY**  
BASED ON ST. JOHNS COUNTY REGULATIONS

PHASE I PGA TOUR COMPONENTS	
PGA COURSE	11.00 AC.
PGA LODGE	1.00 AC.
PGA METAL	1.00 AC.
PGA THEATRE	17.00 AC.
PGA PRODUCTION BLDG	1.00 AC.
PGA TOWER	1.00 AC.
PGA STORE	1.00 AC.
PGA DRIVE	1.00 AC.
PGA SPONSOR OUTDOOR	1.00 AC.
PGA SUPPORT	1.00 AC.
UNDEVELOPED	1.00 AC.
TOTAL PHASE I	25.00 AC.

PHASE II PGA TOUR SUPPORT COMPONENTS	
LIBRARY	1.00 AC.
PGA PRODUCTIONS	1.00 AC.
CLUBHOUSE	1.00 AC.
ACCOMMODATION	1.00 AC.
SPORTS MEDICINE	1.00 AC.
ADDITIONAL OFFICE	1.00 AC.
UNDEVELOPED	1.00 AC.
TOTAL PHASE II	7.00 AC.

PHASE III PGA TOUR BUILD OUT	
PGA LODGE	1.00 AC.
PGA METAL	1.00 AC.
PGA THEATRE	1.00 AC.
TOTAL PHASE III	3.00 AC.
TOTAL PHASE I & II	32.00 AC.
TOTAL PHASE I & II & III	35.00 AC.
TOTAL PHASE I & II & III & IV	42.00 AC.

WORLD GOLF VILLAGE METAL	
BLDG 1	1.00 AC.
BLDG 2	1.00 AC.
BLDG 3	1.00 AC.
BLDG 4	1.00 AC.
TOTAL	4.00 AC.

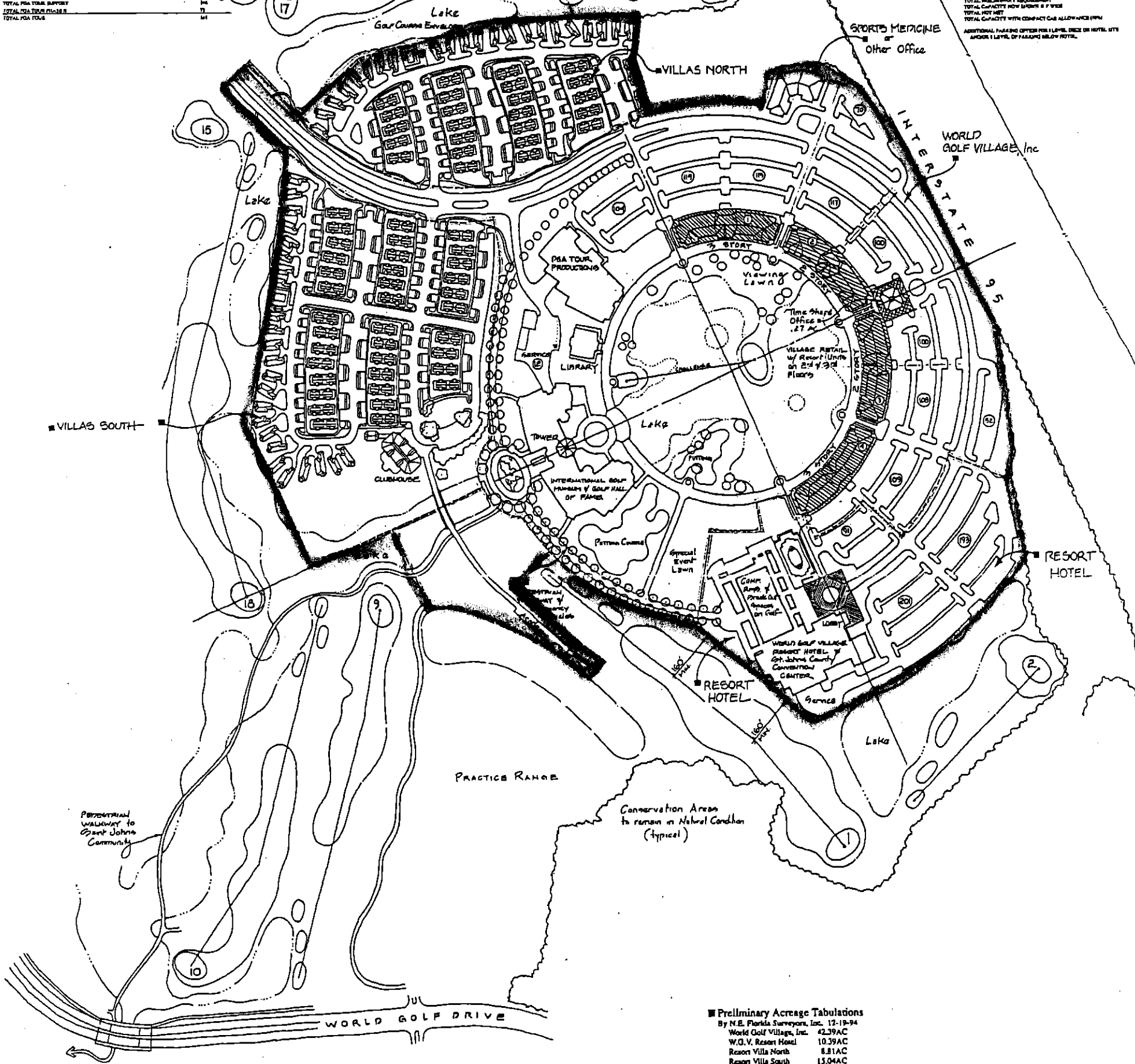
WORLD GOLF VILLAGE TRAILER UNITS	
BLDG 1	17 UNITS PER LEVEL
BLDG 2	17 UNITS PER LEVEL
BLDG 3	17 UNITS PER LEVEL
BLDG 4	17 UNITS PER LEVEL
TOTAL	68 UNITS

WORLD GOLF VILLAGE OFFICE	
OFFICE	1.00 AC.
RESTAURANT	1.00 AC.
CONFERENCE SPACE	1.00 AC.
TOTAL	3.00 AC.

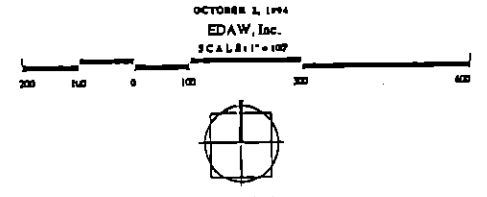
SUMMARY	
TOTAL PHASE I	25.00 AC.
TOTAL PHASE II	7.00 AC.
TOTAL PHASE III	3.00 AC.
TOTAL PHASE I & II & III	35.00 AC.
TOTAL PHASE I & II & III & IV	42.00 AC.
TOTAL PHASE I & II & III & IV & V	46.00 AC.
TOTAL PHASE I & II & III & IV & V & VI	50.00 AC.
TOTAL PHASE I & II & III & IV & V & VI & VII	54.00 AC.



THIS IS NOT A SURVEY  
ALL ACRES FIGURES ARE APPROXIMATE AND WILL NEED TO BE VERIFIED BY M.E. FLORIDA SURVEYORS, INC.  
ALTERNATE DESIGN AND PROGRAM PLAN  
PREPARED FOR  
DAVIDSON DEVELOPMENT, INC.  
AND  
PGA TOUR GOLF COURSE PROPERTIES, INC.

**World Golf Village**  
ST. JOHNS COUNTY, FLORIDA

WORLD GOLF VILLAGE DESIGN TEAM  
PGA TOUR DESIGN SERVICES, INC. Golf Course Architects  
EDAW, INC. Local Planner and Landscape Architects  
B. YEAGER, JOHNSON AND ASSOC., INC. Mainframe Architects  
BESEMER, HAMMACK & RUCHEMAN, INC. Project Engineers  
RALPH APPELBAUM ASSOCIATES, INC. Exhibit Designers



**Preliminary Acreage Tabulations**  
By M.E. Florida Surveyors, Inc. 12-19-94

World Golf Village, Inc.	42.39 AC.
W.O.V. Resort Hotel	10.39 AC.
Resort Villa North	8.81 AC.
Resort Villa South	13.04 AC.
Golf Academy	3.31 AC.
Time Share Office	2.7 AC.
Resort #1	.60 AC.
Resort #2	.60 AC.
Resort #3	.60 AC.
Resort #4	.60 AC.
TOTAL	82.61 AC.

**Preliminary Unit Capacity for Resort Villas**

Villa North	126 Total, including 22 on Golf Course
Villa South	172 Total, including 24 on Golf Course
Building 1	34
Building 2	16
Building 3	16
Building 4	34

PREP REVISION	10-10-94
SECOND REVISION	10-11-94
THIRD REVISION	10-12-94
FOURTH REVISION	11-18-94
FIFTH REVISION	12-01-94

**EXHIBIT B**

**OUTLINE OF BOND TRANSACTION**

1. Issuer: St. Johns County
  
2. Amount and Term: Not to exceed \$11,000,000 plus transaction expenses, underwriter's discount, capitalized interest, debt service reserve and other expenses and reserves as the County deems necessary payable over 30 years, bearing interest at a fixed rate and containing other terms within the parameters described in Exhibit D.
  
3. Purpose: To fund the purchase of land (the "Land") and a completed fully equipped, furnished and operational Convention Center as provided in the Memorandum of Understanding.  
  
The Convention Center will be located on the Land and will have the amenities described in the Memorandum of Understanding and in the P & S Agreement and its supporting documents.
  
4. (Not Used)
  
5. (Not Used)
  
6. Primary Payment Source: During the construction and initial operating period of not more than 3 years (the "Start-Up Period"), the following yearly payments (to the extent then feasible) will be received, used and/or escrowed by the County to be applied to payments on the Bonds. Thereafter, they will be applied to such Bond payments as and when due and/or to maintain the Bond debt service reserve fund at its required funding level. The payments (a) through (i) shall be applied each year in the order listed; that is, (a) will be applied before (b) is applied; (b) will be applied before (c) is applied, and so forth.  
  
(a) (Not Used)  
  
(b) Voluntary Occupancy Fee (Project

specific)(2% of room revenue for the Hotel and residential rental units within the World Golf Village site, the Interstate Hotels located within the St. Johns DRI and any other hotel/motel units constructed within the St. Johns DRI after each is completed and operational). Documents sufficient to place liens on such properties securing timely payment of such fees to and in favor of the County subject only to first mortgage construction and, if applicable, permanent financing on the properties shall be recorded in the official public records of St. Johns County prior to or contemporaneously with the execution of the P & S Agreement. Applicable and appropriate title insurance shall also be provided to the County.

(c) Hammons-LP Minimum Payment for the life of the Bonds and thereafter as described in the Operating Agreement (Personally guaranteed by Mr. Hammons) See Exhibit C.

(d) County's portion of the Payment in Lieu of Taxes, but not in lieu of governmental assessments (Personally guaranteed by Mr. Hammons)(No ad valorem taxes or government assessments will be pledged to payment of the Bonds.)

(e) Golf Hall of Fame Admissions Fee (\$.50 per paid admission commencing with the official opening of the Golf Hall of Fame.)

(f) County Ticket and Event Parking Revenue (\$1.25/person admitted to ticketed event and \$2.50/car parked at ticketed event)

(g) Automobile Rental Surcharge (3.5% of gross rental income)

(h) At the time of the execution of the P & S Agreement, the County will enter into an agreement (the "Special Assessment Agreement") with the property association, (which property association shall be an existing Florida corporation comprising the owners of the Hotel, the owners of the real estate within the World Golf Village as shown on the Site Plan excluding the County, the owners of the

Interstate Hotel sites and the owners of any other hotel/motel units constructed within the St. John DRI)(the "Association") pursuant to which the Association shall make yearly special assessments (the "Special Assessments") on such owners and real estate to cover any Project Revenue Shortfall. As used herein the term "Project Revenue Shortfall" means, as to any particular bond year, the remainder of (i) the total debt service on the bonds payable with respect to such year, minus (ii) the sum of (A) items (a) through (g) above and section 7 below actually and timely collected with respect to such bond year, and (B) 2/3 of the total amount of any Tourist Development Tax actually paid by the property owners who are subject to the Special Assessment Agreement with respect to such bond year. The Special Assessment Agreement shall provide that if the Association fails to timely make such Special Assessments the County may make such Special Assessments in its stead. Each property owner shall consent to the Special Assessment Agreement in a manner such that they, their land, and their successor land owners are bound to the terms thereof. All funds due on account of any such Special Assessments shall be timely paid to the County in order to accomplish the foregoing. The Special Assessment Agreement shall provide the specific percentage an owner will be required to pay of any given yearly total Special Assessment. The Special Assessment Agreement shall also specify a maximum yearly cap for each property owner subject to an assessment. The Special Assessment Agreement shall provide that each owner's Special Assessment shall constitute a lien on the land of such owner subordinate only to first-mortgage construction, and if applicable, permanent financing and the Association shall have the right to enforce such lien by foreclosing on such land in the event of a non-payment thereof. In addition, in the event the Association fails to timely make the full payments to the County required by the Special Assessment Agreement, the County shall have the right to foreclose on behalf of the Association and/or on behalf of the County the liens on the lands for which

adequate payment has not been timely made. Documents sufficient to perfect the above described liens and the County's rights therein shall be recorded in the official public records of St. Johns County prior to or contemporaneously with the execution of the P & S Agreement. Applicable and appropriate title insurance shall be provided to the County. (The Special Assessments shall not be deemed to be "government assessments" as such term is used in the Memorandum of Understanding or in this Exhibit B.)

(i) In the event the aggregate of items (a) through (h) above and section 7 below are insufficient to pay debt service on the Bonds, the County shall covenant to budget and appropriate from non ad valorem revenues, in a manner similar to Exhibit E, funds sufficient to pay such shortfall.

7. Secondary  
Payment  
Source:

Commencing on the third anniversary of the Initial Closing and thereafter each year on a date at least thirty days prior to the earliest date during such year upon which debt service on the Bonds is due, in the event the aggregate of items (b), (e), (f) and (g) of Section 6 above shall be less than \$300,000 per annum, then Hammons-LP shall pay to the County the amount of such shortfall. Mr. Hammons shall personally guarantee Hammons-LP's obligation to pay such shortfall to the County.

8. Reimbursement:

In the event that the payment sources described in Sections 6(a)-(g) and 7 above shall exceed the sum of (1) the debt service on the Bonds including coverage requirements, (2) the amount required to fully fund and replenish the Bond debt service reserve fund, and (3) the amount necessary to create an additional Bond reserve to be disbursed to the County in lieu of collection of the Association Special Assessments (up to a maximum of \$1,000,000), then such excess shall be distributed by the County as follows until distributed in full:

First, to create and fully fund an Emergency Convention Center Operating Reserve Account with the County in an amount not to exceed \$100,000.

Second, to the Association in an amount equal to any unreimbursed Special Assessments paid to the County by the Association, which amount (in turn) shall be paid by the Association pro rata to the owners in the Association to reimburse such owners for prior unreimbursed paid Special Assessments (including those paid in earlier years);

Third, to the County for deposit into the Capital Replacement Reserve Account described in Exhibit C, in an amount equal to the lesser of (1) two percent (2%) of available Hotel and Convention Center room revenues, (2) the amount deposited by Hammons-LP or Mr. Hammons into such Account for the year in question, or (3) \$200,000.

Fourth, to reimburse the applicable owners, on a prorata basis, for payments made under Section 6(e) and (g) for the year in question;

Fifth, (Not Used)

Sixth, to the owners, on a pro rata basis, for 50% of the payments made under Section 6(b) for the year in question;

Seventh, to redeem outstanding Bonds.

9. Terms and  
Criteria Not  
Complete or  
Definitive.

The exact terms, criteria, details and arrangements set forth in this Exhibit B and Exhibit D are not complete or definitive but constitute a goal that the parties wish to reach. Such terms, criteria, details and arrangements may be modified to the extent that the County deems advisable, appropriate or necessary to market the Bonds; provided however that in the event such modifications cause the total financial exposure under the Special Assessment Agreement to be increased,

including an increase caused by reducing capitalized interest on the Bonds to less than three years, to such an extent that the new total financial exposure under such agreement is unacceptable to Hammons-LP or to the other parties initially subject to the Special Assessment Agreement, then the Bonds shall not be issued and this Memorandum of Agreement will terminate without liability to any of the parties hereto.

2/14/95

EXHIBIT C

Additional Convention Center Operating  
Agreement Terms

Term:

Thirty years with 14 consecutive five year options to extend, each of which are exercisable by the County only; provided, however, that if the County does not exercise any such option, then (i) all guaranties by Hammons-LP and Mr. Hammons pertaining to the operation of the Convention Center as such Convention Center operating guarantees are described in the Memorandum of Understanding and/or in Exhibit B, shall terminate at the end of the then current term of the Operating Agreement, and (ii) the County shall be obligated to substitute as operator of the Convention Center (A) a nationally recognized, experienced hotel and convention center operator (the "Replacement Operator") or (B) County staff, provided that such staff must have experience in operating comparable convention center complexes and the County must operate the Convention Center to then reasonable standards for a comparable publicly owned Convention Center; (iii) such Replacement Operator, if applicable, shall agree to provide guaranties with respect to the operation of the Convention Center comparable to those provided by Hammons-LP and Mr. Hammons; and (iv) to the extent that such Replacement Operator agrees to make payments to the County of any sort with respect to the Convention Center, such payment shall be used by the County as a primary source of payments of debt service on the Bonds. As used in this paragraph, the word "County" shall include any successor owner of the Convention Center.

Minimum Payments  
to County:

Hammons-LP will guarantee a minimum payment to County of \$100,000/year for years 1-30, \$400,000/year for years 31-55 and \$100,000/year thereafter.

Mr. Hammons

Guaranty:

Hammons-LP's obligation to make the foregoing payments shall be guaranteed by Mr. Hammons.

Marketing and

Meeting Room

Rates:

Hammons-LP will set meeting room rates which are commercially reasonable and are competitive with the market in which the Convention Center is designed to compete. Hammons-LP will aggressively market the use of the Convention Center.

Maintenance and

Repair:

Hammons-LP will be responsible for all appropriate maintenance and repair of the Convention Center, its appurtenances and its fixtures, furnishings and equipment, including modernizing and replacement thereof. Hammons-LP will establish a Convention Center Capital Replacement Reserve Account with the County and will fund such account from gross Hotel room revenues in accordance with the following schedule:

Year 1	1%
Year 2	2%
Year 3	3%
Year 4	
and thereafter	4%

Operations:

Hammons-LP will be responsible for the efficient and effective operation of the Convention Center. Hammons-LP and Mr. Hammons will personally guarantee that there will be no operating deficits or costs at any time during the terms of the Operating Agreement.

County's Uses:

The Operating Agreement will contain provisions that specifically allow the County to use the Convention Center as an evacuation center and as a resource to alleviate public emergencies. The County will also have the right to use the Convention Center for certain designated public functions as agreed upon under the terms of the Operating Agreement.

County's Right  
to Terminate  
Operation Agree-  
ment or pursue  
remedies:

Full payments not made to County within 10 days of their due dates following notice to Hammons-LP. Other appropriate provisions pertaining to unsatisfactory marketing and/or other obligations of operator. The Operating Agreement will also contain one or more appropriate provisions that set forth notice and opportunity to cure requirements prior to termination in the event of default by Hammons-LP; such notice and opportunity to cure to be addressed to Hammons-LP and to any first mortgage lender on the Hotel.

Criteria Not  
Complete or  
Definitive:

The criteria in the Memorandum of Understanding and in this Exhibit C pertaining to the proposed Operating Agreement are not complete or definitive but constitute a goal that the parties wish to reach provided always that such goal and the other criteria and provisions of the final Operating Agreement when combined with the execution of the P & S Agreement and the County's issuance of the Bonds are all consistent with, and do not violate, Florida Statute 125.0104(5)(a)(1), Section 10 of Article VII, Florida Constitution and other applicable law.

**EXHIBIT D**

**BOND PARAMETERS**

Principal Amount: Not to exceed \$18,000,000 <sup>(1)</sup>

Acquisition Proceeds: Not to exceed \$11,000,000

Amortization: 30 year amortization schedule

Interest Rates: Not to exceed 150 basis points above the 30 Treasury Bond yield but not to exceed the maximum interest rate permitted by Section 159.825(4), Florida Statutes, as amended

Capitalized Interest: Not more than 3 years from the date of issue

Insurance Policy: Bonds shall be insured by a municipal bond insurer and rated AAA/Aaa

Debt Service Reserve Fund: A Bond debt service reserve fund will be established and funded as the County deems necessary or appropriate to market the Bonds.

Redemption Provisions: The Bonds shall be subject to redemption in whole or part at any time at par

Acquisition Fund: Minimum draw schedule of 16 months

Other: Such additional terms and conditions as shall be required by the County and/or the bond insurer

The issuance of the Bonds is contingent upon the County successfully selling the Bonds upon reasonable terms.

(1) Includes: Project development related County costs such as legal and consultant fees, bond insurance policy premium, underwriters discount, legal and consultant fees related to issuance of the Bonds, financial advisory fees and other customary costs of issuance of the Bonds.

EXHIBIT E

COUNTY'S COVENANT TO BUDGET  
AND APPROPRIATE

The County will covenant and agree to appropriate in its annual budget, by amendment, if necessary, solely from Non-Ad Valorem Funds (as hereinafter defined in this Exhibit) lawfully available for such purposes in each County fiscal year, amounts sufficient to make the shortfall, if any, to that years Bond debt service as described in section 6(i) of Exhibit B. The County, however, does not promise as a part of this covenant to maintain any specific services or programs now or later provided or maintained by the County which generate Non-Ad Valorem Funds.

This covenant to budget and appropriate lawfully available Non-Ad Valorem Funds shall not create any lien upon or pledge of such Non-Ad Valorem Funds; shall not hinder, restrict or preclude the County from pledging in the future its Non-Ad Valorem Funds; shall not require the County to levy and collect any particular Non-Ad Valorem Funds; shall not preclude the County from making the same or similar covenant for other contractual indebtedness; and shall not give the owners or insurers of the Bonds any prior claim on the County's Non-Ad Valorem Funds as opposed to claims of general creditors of the County. This covenant to appropriate lawfully available Non-Ad Valorem Funds is subordinate and subject in all respects to the prior payment of the County's obligations secured by a pledge or pledges of all or any of the County's Non-Ad Valorem Funds heretofore or hereinafter made or entered into (including the payment of debt service on bond and other debt instruments). The County's covenant to budget and appropriate in its annual budget for the purposes and in the manner stated herein is also subject in all respects to the restriction of Florida laws regulating county budgets, including

Section 129.07, Florida Statutes, as amended, and is subject further to the prior payment from Non-Ad Valorem Funds of services and programs which (i) are for essential public purposes affecting the health, welfare or safety of the inhabitants of the County and/or (ii) are legally mandated or required by applicable law and/or (iii) are for the services for which the revenues were received. The County's determination that a service is an essential public purpose shall be conclusive and final.

"Non-Ad Valorem Funds" shall mean all revenues of the County derived from any source whatsoever other than (i) ad valorem taxation on real or personal property, (ii) pledged non-ad valorem revenues, (iii) assessments, and (iv) revenues that are restricted by law or contract to other uses.

