

# **EXHIBIT B**

ADMINISTRATION

David Parker  
City Engineer/CIP Executive



Dr. Ken Moore  
Mayor

Eric S. Stuckey  
City Administrator

June 25, 2013

HISTORIC  
FRANKLIN  
TENNESSEE

Mr. Roy Croop  
Noble Investment Group  
3424 Peachtree Rd. NE  
2000 Monarch Tower  
Atlanta, GA 30326

RE: Addendum to Conference Center Operating Agreement  
COF Contract 2013-0014

Mr. Croop:

Enclosed please find an original copy of the above referenced agreement executed by the proper City of Franklin and Williamson County officials. Please execute the document, retain a copy for your records and send the original back to me at the following address:

City of Franklin  
CIP Division  
Attn: Sarah Sappington  
109 3<sup>rd</sup> Avenue South, Suite 103  
Franklin, TN 37064

If you should have any questions please contact me at 615-550-6693.

Thank you,

A handwritten signature in cursive script that reads 'Sarah Sappington'.

Sarah Sappington

Enclosure

**CONTRACT 2013-14**  
**ADDENDUM TO CONFERENCE CENTER OPERATING AGREEMENT**

THIS ADDENDUM TO CONFERENCE CENTER OPERATING AGREEMENT (the "Addendum") made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2013 by and among FRANKLIN REALCO, LLC ("Operator") and CITY OF FRANKLIN, TENNESSEE and WILLIAMSON COUNTY, TENNESSEE, each a political subdivision (collectively, "Owner");

**WITNESSETH:**

WHEREAS, on October 15, 1997, the Owner and Stormont Trice Management Corporation entered into a certain Conference Center Operating Agreement (the "Agreement") for the management of a conference center known as The Conference Center at Cool Springs located in Franklin, Tennessee the Operator is successor-in-interest under the Agreement (by assignment) to Noble Investments-Cool Springs, LLC, the successor-in-interest under the Agreement (by assignment) to Crestline Hotels and Resorts, Inc., the successor-in-interest under the Agreement (by assignment) to Stormont Trice Management Company; and

WHEREAS, the Owner and Operator desire to enter into a written instrument to extend the Operating Term of the Agreement.

NOW THEREFORE, for and in consideration of the mutual promises of the parties hereto and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Owner and Operator agree that the Operating Term of the Agreement is extended to continue to October 15, 2027, subject to early termination as provided for in Section 3.2 of the Agreement.
2. Capitalized terms used herein but not defined have the same meanings as ascribed to them in the Agreement.
3. Owner and Operator agree that either party has the option to review the terms of the agreement at the staff level at the end of year five and year ten of the Agreement extension.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the day and year set forth above.

**OPERATOR:**

FRANKLIN REALCO, LLC, a Delaware limited liability company

By: Matt Rabe  
Name: Matt Rabe  
Title: VP

**OWNER:**

CITY OF FRANKLIN, TENNESSEE

By: [Signature]  
Name: Dr. Ken Moore  
Title: Mayor

Attest: Eric S. Stuckey  
Name: Eric S. Stuckey  
Title: City Administrator

WILLIAMSON COUNTY

By: Robbes C. Anderson 5/29/13  
Name: Robbes C. Anderson  
Title: County Mayor

**ASSIGNMENT AND ASSUMPTION OF  
CONFERENCE CENTER OPERATING AGREEMENT**

This ASSIGNMENT AND ASSUMPTION OF CONFERENCE CENTER OPERATING AGREEMENT (this "Assignment") is made and entered into as of this 2nd day of February, 2007, by and between NOBLE INVESTMENTS-COOL SPRINGS, LLC, a Delaware limited liability company (hereinafter referred to as "Assignor"), and FRANKLIN REALCO, LLC, a Delaware limited liability company (hereinafter referred to as "Assignee").

**WITNESSETH**

WHEREAS, contemporaneously herewith, Assignor sold and conveyed to Assignee all that tract or parcel of land more particularly described in Exhibit A attached hereto, together with the hotel and all other improvements and personal property located thereon, commonly known as the "Franklin Marriott Cool Springs," and all rights, easements and appurtenances thereto (hereinafter collectively referred to as the "Property"), pursuant to that certain Agreement of Purchase and Sale, of event date herewith (the "Purchase Agreement"), between Assignor and Assignee, as successor-in-interest (by assignment) to APF/Franklin Buckhead, LLC, a Delaware limited liability company and an affiliate of Assignee;

WHEREAS, in connection with such conveyance of the Property, Assignor and Assignee have agreed that Assignor shall transfer and assign to Assignee all of its right, title and interest in and to that certain Conference Center Operating Agreement, dated as of October 15, 1997 (the "Operating Agreement"), a true, correct and complete copy of which is attached hereto as Exhibit B, between the City of Franklin, Tennessee, and Williamson County, each a political subdivision of the state of Tennessee (collectively, the "Municipalities"), and Assignor, as successor-in-interest (by assignment) to Crestline Hotels & Resorts, Inc., as successor-in-interest (by assignment) to Stormont Trice Management Corporation;

WHEREAS, Assignor and Assignee have further agreed that Assignee shall expressly assume all of the obligations of Assignor arising under the Operating Agreement from and after the date of this Assignment;

WHEREAS, contemporaneously herewith, and pursuant to that certain Hotel Lease (the "Lease") between Assignee and Franklin Opco, Inc., a Delaware corporation and a wholly-owned subsidiary of Assignee ("Lessee"), Assignee has granted to Lessee an exclusive leasehold interest in the Property, together with, among other things, an assignment of all agreements necessary for the operation and maintenance of the Property, including the Operating Agreement;

WHEREAS, contemporaneously herewith and pursuant to that certain Hotel Management, Consulting and Accounting Agreement between Lessee and Noble Management Group, LLC, a Georgia limited liability company ("Manager"), Lessee has engaged Manager to handle all management and day-to-day operational responsibilities at the Property, which engagement includes the delegation of all of Lessee's rights and duties under the Operating Agreement; and

WHEREAS, unless otherwise noted, capitalized terms that are undefined herein have the meanings assigned to them in the Operating Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, Assignor and Assignee hereby agree as follows:

1. Assignment and Assumption. Effective as of the Cut-Off Time (defined below), Assignor hereby sells, transfers, assigns and sets over to Assignee, its successors and assigns, all of its right, title and interest in and to the Operating Agreement, and all of its duties and obligations thereunder, and Assignee hereby acquires and assumes all of Assignor's right, title, interest, duties and obligations in, to and under the Operating Agreement.

2. Cut-Off Time; Accounts. This Assignment shall be effective as of 11:59 p.m. local time at the Conference Center on \_\_\_\_\_, \_\_, 2006 (the "Cut-Off Time"). The Agency Account and in the CEP Reserve account (collectively, the "Accounts") shall be closed out as of the Cut-Off Time, and by this Assignment Assignor does hereby transfer to Assignee or its designee all funds in the Accounts or otherwise held by Assignor pursuant to the Operating Agreement as of the Cut-Off Time on behalf of the Municipalities. As of the Cut-Off Time, (a) (i) Assignee hereby acknowledges receipt of the Accounts and all funds on deposit therein, and (ii) assumes and agrees to observe and perform all of the obligations and duties of Assignor under the Operating Agreement arising from and after, but not before, the Cut-Off Time; and (b) Assignor shall have no further obligations to manage the Conference Center.

3. Proration. In connection with the execution and delivery of this Assignment, Assignor and Assignee have prorated, as between Assignor and Assignee as of the Cut-Off Time, all amounts paid or payable to Assignor, or payable by Assignor, under the Operating Agreement. Gross Revenues and Operating Expenses from the Conference Center for the day on which Cut-Off Time occurs shall be considered Gross Revenues and Operating Expenses of the Conference Center arising prior to this Assignment and will be accounted for in the manner provided in the Operating Agreement for calculating the Operator's Fee accruing and owing to Operator as of the Cut-Off Time. Assignor and Assignee have made such cash adjustment as between Assignor and Assignee as is necessary to reflect such proration in conjunction with the closing of the transfer of the Property.

4. Adjustments; Access to Property and Records. (a) Assignor and Assignee acknowledge that there may be certain adjustments for which the necessary information will not be available at the Cut-Off Time (including, without limitation, any employee medical claims, if any, relating to the time prior to the Cut-Off Time which may not have been submitted by the date of closing), and the parties agree to readjust such amounts and make the necessary cash adjustments when such information becomes available; provided, however, that (unless there are ongoing disputes of which each party has received notice) all accounts shall be deemed final as of 180 days after the Cut-Off Time. Upon reasonable prior notice to Manager and during normal business hours, Assignor shall have the right to have its representatives present at the Property for a reasonable period of time after the Cut-Off Time (not to exceed 180 days) for the purpose of performing such adjustments, and such representatives shall be given reasonable access to the books and records of the Conference Center and the Hotel within the control of Assignee or its agents that are relevant to the preparation of such adjustments with respect to both the Conference Center and the Hotel. Assignee will furnish Assignor with copies of any information contained in Assignee's accounting computer systems that is reasonably requested by Assignor during a reasonable period of time after the Cut-Off Time (not to exceed 180 days) to allow Assignor to make any necessary post-closing accountings. Assignor and Assignee shall each cause their respective representatives to cooperate in good faith with each other's in the determination of the prorations and adjustments under this Assignment.

(b) During the period between the Cut-Off Time and the date of the final accounting, Assignee or Manager shall pay all Operating Expenses that accrued (but were not paid) prior to the Cut-Off Time using for such purpose any Gross Revenues that accrued (but were not collected) prior to the Cut-Off Time. The receipt of all Gross Revenues earned and the payment of all Operating Expenses incurred for periods prior to the Cut-Off Time shall be collected and paid by Assignee or Assignee's designee in accordance with the terms of the Operating Agreement.

5. Indemnity. Assignor hereby indemnifies and holds Assignee harmless from and against all claims, demands, losses, damages, expenses and costs (including, but not limited to, reasonable attorneys' fees and expenses actually incurred) (collectively, "Liabilities") arising out of or in connection with Assignor's failure to observe, perform and discharge each and every one of the covenants, obligations and liabilities of Assignor under the Operating Agreement to be observed, performed or discharged that relate or accrue with respect to the period prior to the Cut-Off Time. Assignee hereby indemnifies and holds Assignor harmless from and against all Liabilities arising out of or in connection with Assignee's failure to observe, perform and discharge each and every one of the covenants, obligations and liabilities of Assignee under the Operating Agreement to be observed, performed or discharged that relate or accrue with respect to the period from and after the Cut-Off Time.

6. Governing Law. This Assignment shall be governed by and construed in accordance with internal laws of the State of Georgia without reference to the conflicts of laws or choice of law provisions thereof.

7. Binding Effect. This Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.

8. Counterparts. This Assignment may be executed in one or more counterparts, each of which shall constitute an original, and all of which, taken together, shall constitute but one and the same document.

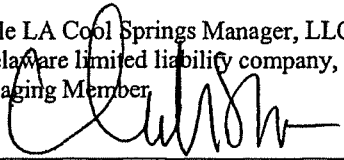
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Assignor and Assignee have each caused this Assignment to be executed by its duly authorized signatory as of the day and year first above written

ASSIGNOR:

**NOBLE INVESTMENTS-COOL SPRINGS, LLC,**  
a Delaware limited liability company

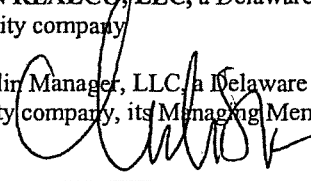
By: Noble LA Cool Springs Manager, LLC,  
a Delaware limited liability company,  
Managing Member

By:   
Mitesh B. Shah, its President

ASSIGNEE:

**FRANKLIN REALCO, LLC,** a Delaware  
limited liability company

By: Franklin Manager, LLC, a Delaware limited  
liability company, its Managing Member

By:   
Mitesh B. Shah, its President



**ACKNOWLEDGEMENT AND CONSENT**

The CITY OF FRANKLIN, TENNESSEE (the "City"), and WILLIAMSON COUNTY (the "County"), hereby.

(i) acknowledge and consent to (a) the within and foregoing Assignment, (b) the assignment pursuant thereto of Assignee's right, title and interest in and to the Operating Agreement to Assignee, and (c) Assignee's assumption of all of the obligations and duties of Assignor thereunder from and after the date hereof;

(ii) acknowledge and consent to the assignment, pursuant to the Lease, of Assignee's rights and duties under the Operating Agreement to Lessee, and the delegation of such rights and responsibilities under the Operating Agreement by Lessee to Manager, as described in the recitals to the foregoing Assignment; and

(ii) release and discharge Assignor from the performance or observance of any of duties and obligations under the Operating Agreement arising from and after, but not before, the Cut-Off Time.

IN WITNESS WHEREOF, the City and County have caused this Acknowledgement to be executed by their duly authorized signatories this 2nd day of February, 2007.

**CITY:**

CITY OF FRANKLIN, TENNESSEE

By: Thomas R. Miller  
Name: Thomas R. Miller  
Title: Mayor

**COUNTY:**

WILLIAMSON COUNTY

By: Roberts C. Anderson  
Name: Roberts C. Anderson  
Title: County Mayor

**EXHIBIT A**

**Legal Description**

A TRACT OF LAND IN THE EIGHTH CIVIL DISTRICT OF WILLIAMSON COUNTY, IN THE CITY OF FRANKLIN, TENNESSEE, BEING ALL OF LOT 665, COOL SPRINGS EAST SUBDIVISION, SECTION 16, REVISION 1, AS OF RECORD IN BOOK 27, PAGE 13, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHERLY END OF THE NORTHEASTERLY RETURN CURVE OF CAROTHERS PARKWAY AND COOL SPRINGS BOULEVARD AND PROCEEDING AS FOLLOWS: WITH THE NORTHERLY RIGHT-OF-WAY LINE OF COOL SPRINGS BOULEVARD SOUTH 73 DEGREES 22 MINUTES 49 SECONDS EAST A DISTANCE OF 30.20 FEET TO AN IRON ROD (OLD); THENCE SOUTH 73 DEGREES 24 MINUTES 53 SECONDS EAST A DISTANCE OF 135.45 FEET TO A PK NAIL (OLD) BEING THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT; THENCE.

1. LEAVING COOL SPRINGS BOULEVARD AND WITH THE COMMON PROPERTY LINE OF LOT 662, CITY OF FRANKLIN, AS OF RECORD IN PLAT BOOK 27, PAGE 13, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE AND THIS LOT 665. NORTH 16 DEGREES 20 MINUTES 33 SECONDS EAST, A DISTANCE OF 186.88 FEET TO A PK NAIL (OLD); THENCE,
2. NORTH 74 DEGREES 22 MINUTES 49 SECONDS EAST A DISTANCE OF 174.41 FEET TO AN IRON ROD (OLD); THENCE,
3. NORTHERLY, WITH A 137.00 FOOT RADIUS CURVE TO THE RIGHT, HAVING A CENTRAL ANGLE OF 31 DEGREES 57 MINUTES 44 SECONDS AN ARC DISTANCE OF 76.42 FEET AND A CHORD BEARING OF NORTH 00 DEGREES 21 MINUTES 41 SECONDS EAST A DISTANCE OF 75.44 FEET TO AN IRON ROD (NEW); THENCE,
4. NORTH 16 DEGREES 20 MINUTES 33 SECONDS EAST A DISTANCE OF 101.68 FEET TO AN IRON ROD (NEW); THENCE,
5. SOUTH 73 DEGREES 39 MINUTES 27 SECONDS EAST A DISTANCE OF 125.10 FEET; THENCE,
6. NORTH 16 DEGREES 20 MINUTES 33 SECONDS EAST A DISTANCE OF 26.88 FEET; THENCE,
7. SOUTH 73 DEGREES 39 MINUTES 27 SECONDS EAST A DISTANCE OF 6.87 FEET; THENCE,

8. NORTH 16 DEGREES 20 MINUTES 33 SECONDS EAST A DISTANCE OF 9.04 FEET; THENCE,
9. SOUTH 73 DEGREES 39 MINUTES 27 SECONDS EAST A DISTANCE OF 90.96 FEET; THENCE,
10. NORTH 16 DEGREES 20 MINUTES 33 SECONDS EAST A DISTANCE OF 58.51 FEET; THENCE,
11. SOUTH 73 DEGREES 39 MINUTES 27 SECONDS EAST A DISTANCE OF 77.69 FEET; THENCE,
12. SOUTH 16 DEGREES 20 MINUTES 33 SECONDS WEST A DISTANCE OF 46.50 FEET; THENCE,
13. SOUTH 73 DEGREES 39 MINUTES 27 SECONDS EAST A DISTANCE OF 105.14 FEET TO AN IRON ROD (OLD) ON THE WESTERLY PROPERTY LINE OF LOT 664, SAID COOL SPRINGS EAST SUBDIVISION, SECTION 16, AS OF RECORD IN PLAT BOOK 27, PAGE 13, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE; THENCE,
14. WITH SAID COMMON PROPERTY LINE OF LOT 664 AND THIS LOT 665, SOUTH 16 DEGREES 20 MINUTES 33 SECONDS WEST A DISTANCE OF 248.97 FEET TO A P.K. NAIL (OLD); THENCE,
15. NORTH 73 DEGREES 39 MINUTES 27 SECONDS WEST A DISTANCE OF 192.44 FEET TO AN IRON PIPE (OLD); THENCE,
16. SOUTH 16 DEGREES 20 MINUTES 33 SECONDS WEST A DISTANCE OF 262.64 FEET TO A P.K. NAIL (NEW) ON THE NORTHERLY RIGHT-OF-WAY OF COOL SPRINGS BOULEVARD; THENCE,
17. WITH SAID NORTHERLY RIGHT-OF-WAY NORTH 73 DEGREES 39 MINUTES 27 SECONDS WEST A DISTANCE OF 339.29 FEET TO A P.K. NAIL (OLD); THENCE,
18. NORTH 09 DEGREES 30 MINUTES 20 SECONDS EAST A DISTANCE OF 10.35 FEET TO THE POINT OF BEGINNING.

BEING THE SAME PROPERTY AS DESCRIBED ON, AND CONTAINING 182,927 SQUARE FEET OR 4.199 ACRES, MORE OR LESS, AS SHOWN ON, THAT CERTAIN ALTA/ACSM LAND TITLE SURVEY BY RAGAN SMITH ASSOCIATES, DATED MARCH 13, 2001, LAST REVISED JUNE 7, 2001, UNDER JOB NO. 85-132, WK. ORDER 6653, AND BEING THE SAME PROPERTY AS CONVEYED TO COOL SPRINGS HOTEL ASSOCIATES, LLC OF RECORD IN DEED BOOK 1605, PAGE 830, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE.

TOGETHER WITH APPURTENANT EASEMENTS ESTABLISHED BY (i) RECIPROCAL EASEMENT, OPERATING AND USE AGREEMENT BETWEEN CITY OF FRANKLIN, TENNESSEE, WILLIAMSON COUNTY, AND COOL SPRINGS HOTEL ASSOCIATES, LLC OF RECORD IN BOOK 1605, PAGE 844, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE; (ii) CONSTRUCTION AND EASEMENT AGREEMENT, OF RECORD IN BOOK 1605, PAGE 878, SAID REGISTER'S OFFICE; AND (iii) DECLARATION OF PROTECTIVE COVENANTS AND OWNERS ASSOCIATION FOR COOL SPRINGS EAST SIDE, OF RECORD IN BOOK 1235, PAGE 725, SAID REGISTER'S OFFICE, AS AMENDED BY FIRST SUPPLEMENTAL DECLARATION OF PROTECTIVE COVENANTS AND OWNERS ASSOCIATION FOR COOL SPRINGS EAST SIDE, OF RECORD IN BOOK 1446, PAGE 146, SAID REGISTER'S OFFICE, AND AS AMENDED BY SECOND SUPPLEMENTAL DECLARATION OF PROTECTIVE COVENANTS AND OWNERS ASSOCIATION FOR COOL SPRINGS EAST SIDE, OF RECORD IN BOOK 1456, PAGE 49, SAID REGISTER'S OFFICE.

**EXHIBIT B**  
**OPERATING AGREEMENT**

**CONFERENCE CENTER OPERATING AGREEMENT**

for

**THE CONFERENCE CENTER  
at  
COOL SPRINGS**

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between

**CITY OF FRANKLIN, TENNESSEE  
and  
WILLIAMSON COUNTY,**

collectively, Owner

and

**STORMONT TRICE MANAGEMENT CORPORATION,**

Operator

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October 15, 1997

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**CONFERENCE CENTER OPERATING AGREEMENT**

(The Conference Center at Cool Springs)

This Conference Center Operating Agreement is made as of the 15th day of October, 1997, between the **CITY OF FRANKLIN, TENNESSEE**, a corporate body politic and political subdivision of the State of Tennessee, and **WILLIAMSON COUNTY**, a corporate body politic and political subdivision of the State of Tennessee, collectively, as Owner, and **STORMONT TRICE MANAGEMENT CORPORATION**, a Georgia corporation, as Operator.

**WITNESSETH:**

WHEREAS, Owner is or will become the owner of the Premises; and

WHEREAS, Owner seeks to develop a conference center on or about the Premises to attract conventioners, business travelers, tourists, vacationers and other visitors to, and promote the economic development of, the City of Franklin and Williamson County; and

WHEREAS, development of such conference center will serve a public purpose by providing a substantial public benefit and positive economic development for the City of Franklin and Williamson County, including, without limitation, enhancing the standing of the City of Franklin and Williamson County in the state and regional conference and meetings market, capturing additional meetings and conventions for the City of Franklin and Williamson County, increasing business for other hotels and motels due to positive latent demand providing an increase in hotel and visitor-related sales, generating significant additional dollars and revenue for the City of Franklin and Williamson County, creating new jobs for the citizenry of the City of Franklin and Williamson County, and providing meeting space for residents and groups in the municipalities;

WHEREAS, Owner desires to broaden and modernize the convention-serving potential of the City of Franklin and Williamson County through the development of a hotel and conference center; and

WHEREAS, Operator is experienced in the management and operation of hotels and conference centers, directly or through affiliated entities; and

WHEREAS, Operator has been selected by Owner through a publicly-advertised, competitive selection process to manage and operate the new conference center; and

WHEREAS, Owner desires to have the new conference center managed and operated by Operator for the Owner in accordance with the terms and conditions and subject to the limitations contained in this Agreement.

NOW, THEREFORE, Owner and Operator covenant and agree as follows:

**ARTICLE 1  
DEFINITIONS, TERMS AND REFERENCES**

1.1 Definitions. In this Agreement and any exhibits, addenda or riders hereto, the following terms shall have the following meanings:

Accounting Period shall mean a four (4)-week accounting period having the same beginning and ending dates as one of Operator's four (4)-week accounting periods, except that an Accounting Period may contain five (5) weeks when necessary to conform Operator's accounting system to the calendar.

Affiliate shall mean any entity owned or controlled by a party, owning or controlling a party or under common ownership and controlled with a party, with "control" meaning fifty percent (50%) or more ownership of voting interests.

Agency Account shall mean a special account or accounts, bearing the name of the Conference Center, established by Operator in a bank or trust company selected by Operator and Approved by Owner. Operator agrees that funds in the Agency Account will be deposited with a bank that participates in the State of Tennessee "collateral pool," pursuant to T.C.A. §6-56-110 and 9-4-104, and further to notify any bank into which funds are deposited that all funds are municipal funds. Operator shall cause such funds to be secured by collateral having a value of not less than one hundred five percent (105%) of the amount of such funds.

Agreement shall mean this Conference Center Operating Agreement, as it may be amended, modified or supplemented from time to time.

Annual Operating Projections shall mean schedules containing the annual operating projections for the Conference Center and certain other matters prepared and submitted by Operator to Owner pursuant to Section 4.1.

Approval or Approved shall mean prior written approval.

CEP Reserve shall mean an account established by Operator in a bank or trust company selected by Operator for the purposes set forth in Article 6. Operator agrees that funds in the CEP Reserve will be deposited with a bank that participates in the State of Tennessee "collateral pool," pursuant to T.C.A. §6-56-110 and 9-4-104, and further to notify any bank into

which funds are deposited that all funds are municipal funds. Operator shall cause such funds to be secured by collateral having a value of not less than one hundred five percent (105%) of the amount of such funds.

Commencement Date shall mean the first day on which Operator commences daily management duties for the Conference Center.

Conference Center means the planned meeting space complex to be developed on the Premises which shall include, without limitation, approximately 55,000 gross square feet of space, including a grand ballroom, meeting rooms, support pre-function and circulation areas and supporting back-of-house areas and related furniture, fixtures, operating supplies and equipment.

Consumer Price Index shall mean the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers, All items, U.S. Cities Average (1982-1984=100)" published by the United States Bureau of Labor Statistics, or any revisions or replacement thereto subsequently published with any necessary adjustments.

Development Agreement shall mean that certain Development Agreement, dated October 15, 1997, by and between Owner and Stormont Trice Development Corporation, a Georgia corporation, concerning the development and construction of the Conference Center.

Event of Default shall mean any of the events described in Article 11.

Fiscal Year shall mean Operator's fiscal year, which now ends at midnight on June 30 in any given calendar year; the new Fiscal Year begins on July 1 in any given calendar year. A partial Fiscal Year between the Commencement Date and the first full Fiscal Year, and between the end of the last full Fiscal Year and the termination of this Agreement shall, for purposes of this Agreement, constitute separate Fiscal Years. If Operator's fiscal year is changed in the future, then the Fiscal Year under this Agreement shall be changed in the same manner, and Operator and Owner shall make appropriate modifications in the reporting and accounting procedures contained in this Agreement; provided, however, that no such change or adjustment shall alter the Operating Term, reduce the amounts of payments due Owner or Operator hereunder or alter the rights of Owner or Operator under this Agreement.

Fixed Asset Supplies shall mean supply items which constitute "Fixed Assets" under the Uniform System, including china, glassware, silverware, miscellaneous serving equipment, linen, towels, uniforms and similar items.

Franchise Agreement shall mean the franchise agreement, dated as of December 19th, 1997, by and between a hotel franchisor, as "Franchisor" therein, and the owner or operator of the Hotel, as "Franchisee" therein, together with any amendments, modifications, supplements, restatements thereof or thereto, and any replacement or successor franchise agreements pertaining to the Hotel having the owner or operator thereof as the Franchisee therein.

Franchisor shall mean the "franchisor" under the Franchise Agreement, its successors, legal representatives and assigns, together with any subsequent grantors of a franchise under a successor Franchise Agreement. Owner and Operator mutually acknowledge that Marriott International, Inc. has expressed an interest in granting a franchise with respect to the Hotel, and that Marriott International, Inc. is the preferred Franchisor. Any Franchisor, other than Marriott International, Inc., shall be subject to the approval of Owner, which approval shall not be unreasonably withheld or conditioned.

Furniture and Equipment shall mean all furniture, furnishings, wall coverings, fixtures and hotel equipment and systems located at, or used in connection with the Conference Center, together with all replacements therefor and additions thereto, including, without limitation, (i) any and all equipment and systems required for the operation of kitchens, bars, laundry and dry cleaning facilities, (ii) office equipment, (iii) material handling equipment, cleaning and engineering equipment, (iv) telephone and computerized accounting systems and (v) any and all vehicles.

Gross Revenues shall mean all revenues, receipts and income of any kind derived directly or indirectly from or in connection with the Conference Center (including rentals or other payments from licensees or concessionaires), whether on a cash basis or credit, paid or collected, determined in accordance with generally accepted accounting principles and the Uniform System, excluding, however: (i) funds furnished by Owner or Operator, (ii) federal, state and municipal excise, sales and use taxes collected directly from patrons and guests or as part of the sales price of any foods, services or displays, such as gross receipts, admissions, cabaret or similar or equivalent taxes and paid over to federal, state or municipal governments, (iii) gratuities, and (iv) proceeds of insurance and condemnation.

Hotel shall mean the full-service hotel, having approximately three hundred (300) rooms to be developed by Developer on or about land adjacent to the Premises, to include guestrooms and suites, appropriate support facilities such as a restaurant(s), a lounge(s) or bar(s), supporting back-of-the-house areas, food preparation facilities, together with such other amenities and features characteristic of a full-service hotel.

Inventories shall mean "Inventories of Merchandise" and "Inventories of Supplies" as defined in the Uniform System, such as soap, toilet paper, stationery, writing pens, food and beverage inventories, paper products, menus, expendable office and kitchen supplies, fuel, expenses supplies and similar items.

Net Cash Flow shall mean the positive or negative difference, if any, between Gross Revenues for any calendar month and Operating Expenses, transfers to the CEP Reserve, Operator's Incentive Fee (as defined in the Fee and CEP Reserve Addendum) for such calendar month.

Operator shall mean Stormont Trice Management Corporation, a Georgia corporation.

Operator's Fee shall have the meaning ascribed to such term in Section 5.2.

Operating Expenses shall mean any and all expenses reasonably incurred by Operator in the operation and maintenance of the Conference Center including, without limitation, salaries and employee expense and taxes (including reasonable salaries, wages, bonuses and other compensation of all employees of the Conference Center and their social benefits which shall include, but not be limited to, life, medical and disability insurance and retirement benefits); expenditures for ordinary and non-structural repairs and maintenance necessary to maintain the Conference Center in good operating condition; expenditures for operational supplies, utilities, insurance, governmental fees and assessments, food, beverages, laundry service; the cost of inventories and fixed asset supplies, license fees; expenditures for advertising, marketing, reservation systems, federal, state and municipal excise, sales and use taxes, except those collected directly from guests and patrons or as part of the sales price of any goods, services or displays, such as gross receipts, admissions, cabaret or similar or equivalent taxes and paid over to federal, state or municipal governments; amounts paid into any capital, furniture, fixture, equipment or other reserve; management fees paid to the Operator and catering management fee to Operator; the cost of insurance; and rentals paid for furniture and equipment; (excluding, however, (i) capital expenditures by Owner, (ii) amortization expense and (iii) depreciation expense); all determined in accordance with sound accounting principles and the Uniform System. No part of Operator's central office overhead or general or administrative expense (as opposed to that of the Conference Center) shall be deemed to be a part of Operating Expenses. Out-of-pocket expenses of Operator incurred for the account of or in connection with the Conference Center operations, including reasonable travel expenses of employees, officers and other representatives and consultants of Operator and its affiliates, shall be deemed to be a part of Operating Expenses. Owner and Operator acknowledge and agree that expenses incurred for advertising, sales and marketing for the Hotel and the Conference Center, as an integrated project, shall be allocated equally between the Hotel and the Conference Center. In addition, general and administrative expenses for the Hotel and the Conference Center, considered as an integrated project, shall be prorated based upon Gross Revenues generated for each of the Hotel and the Conference Center.

Operating Term shall mean the term of this Agreement as established under Section 3.1.

Owner shall mean the City of Franklin, Tennessee, a corporate body politic and political subdivision of the State of Tennessee and Williamson County, a corporate body politic and political subdivision of the State of Tennessee, and their interests may appear.

Premises shall mean the tracts or parcels of land upon which the Conference Center will be located, as described on Exhibit "A" attached hereto, together with all rights, privileges, members, licenses and easements appurtenant to such tracts or parcels.

Reserve Addendum shall mean the Reserve Addendum attached hereto and by this reference made a part hereof.

Uniform System shall mean the Uniform System of Accounts for the Lodging Industry (9th Revised Edition, 1996) as published by the American Hotel/Motel Association, as the same may hereafter be revised.

Working Capital shall mean funds reasonably necessary, or anticipated to be necessary, for the day-to-day operation of the Conference Center's business, including, without limitation, amounts sufficient for the maintenance of change and petty cash funds, operating bank accounts, payrolls, accounts payable, accrued current liabilities, and funds required to maintain inventories.

1.2 Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all genders; the singular shall include the plural, and the plural shall include the singular. The Table of Contents, and titles of Articles, Sections, Subsections and Paragraphs in this Agreement are for convenience only and neither limit nor amplify the provisions of this Agreement, and all references in this Agreement to Articles, Sections, Subsections, paragraphs, clauses, subclauses, exhibits, addenda or riders shall refer to the corresponding Article, Section, Subsection, paragraph, clause or subclause of, or exhibit, addendum or order attached to this Agreement, unless specific reference is made to the articles, sections or other subdivisions of, or exhibits, addenda or riders to, another document or instrument.

1.3 Exhibits, Addenda and Riders. All exhibits, addenda and riders attached hereto are by reference made a part hereof.

## ARTICLE 2 ENGAGEMENT OF OPERATOR

2.1 Operation of Conference Center. Owner hereby authorizes and engages Operator to act as the exclusive operator and manager of the Conference Center during the Operating Term, with exclusive responsibility and complete and full control and discretion in the operation, direction, management and supervision of the Conference Center, subject only to the limitations expressed herein, and Operator hereby accepts such engagement subject to the terms and conditions expressed in this Agreement and agrees to perform in a commercially reasonable manner. The authority of Operator shall include the use of the Conference Center for public purposes, and without limiting the generality of the foregoing, Operator is hereby authorized, and

shall be obligated, to (subject to compliance with the then effective Annual Operating Projection):

- (a) Subject to U.S. Internal Revenue Service requirements, determine all terms for admittance and charges for rooms, facilities, commercial space, if any, and other amenities and services provided at or with respect to the Conference Center;
- (b) Determine all credit policies with respect to the operation of the Conference Center, including entering into policies and agreements with credit card organizations;
- (c) Establish entertainment and amusement policies (including pricing) with respect to the Conference Center;
- (d) Establish catering and food and beverage policies (including pricing) with respect to the Conference Center;
- (e) Determine all labor policies, including wages and salary rates and terms, fringe benefits, pension, retirement, bonus and employee benefit plans, collective bargaining agreements and the hiring or discharge of all employees, with respect to the Conference Center;
- (f) Arrange for utility, telephone, extermination, detective agency protection, trash removal and other services for the operation of the Conference Center;
- (g) Establish all advertising, public relations and promotional policies with respect to the Conference Center, including the exclusive control over all paid advertising, press releases and conferences and complimentary policies;
- (h) Purchase all inventories and all necessary or desirable additions to and replacements of Fixed Asset Supplies, Furniture and Equipment and such other services and merchandise as are necessary for the proper operation of the Conference Center;
- (i) Enter into such concession agreements and other undertakings as Operator shall from time to time consider appropriate for the operation of the Conference Center;
- (j) Hire such persons or organizations as Operator may deem necessary to provide advice with respect to Operator's performance hereunder, including attorneys, accountants and other professionals and specialists;
- (k) Cause all needed repairs and maintenance to be made to the Conference Center and cause all such other things to be done in or about the Conference Center as shall be necessary to comply with all requirements of governmental authority, boards of fire underwriters and other bodies exercising similar functions;



(l) Establish and maintain a security plan for the Conference Center, and

(m) Institute and defend such proceedings at law or in equity in the name of Operator, utilizing counsel selected by Operator, which Operator shall deem reasonably necessary or proper in connection with the routine operation of the Conference Center, including the institution of dispossessory, eviction and trespass suits and proceedings for the collection of rents and other amounts due for services rendered, property let or merchandise sold.

2.2 Employees of the Conference Center. Operator shall have the sole right to select, appoint and supervise such personnel as Operator may deem necessary or desirable for the proper operation, maintenance and security of the Conference Center, and all personnel of the Conference Center shall be employees of Operator and the terms of their employment and all hiring and firing thereof shall be at the sole discretion of Operator.

2.3 Limitations on Authority. Operator shall not, without Owner's Approval:

(a) Enter into any lease, license or concession agreement for conference facilities, office space or tenant or lobby space at the Conference Center unless the term is one (1) year or less; or

(b) Purchase goods, supplies and services from itself or an Affiliate unless the prices and terms thereof are competitive with those obtainable from unrelated vendors or are the subject of competitive bidding.

2.4 Name. During the term of this Agreement, the Conference Center shall at all times be known and designated by such name as from time to time may be Approved by Owner and Operator. Operator shall make or cause to be made any fictitious name filings or disclosures required by the laws of the State of Tennessee with respect to the use of such name for or in connection with the Conference Center.

2.5 Operation at Owner's Expense. All expenses incurred by Operator in performing its duties hereunder shall be borne by Owner. To the extent the funds necessary therefor are not generated by the operation of the Conference Center, they shall be supplied by Owner to Operator. Operator shall in no event be required to advance any of its own funds for the operation of the Conference Center, nor to incur any liability in connection therewith unless Owner shall have furnished Operator with funds necessary for the discharge thereof. If Operator shall at its sole option at any time advance any funds in payment of Operating Expenses or any other expenditure, which Operator shall have the right but not the obligation to do, Owner shall repay Operator immediately the amount thereof on demand, with interest at 2% over the prime rate of interest in effect from time to time as announced by Wachovia Bank of Georgia, N.A., or any successor thereto or other major national bank described by Operator if such bank ceases to announce a prime rate. Any amounts thus advanced and expended by Operator shall be Operating Expenses, but the amounts paid by Owner in reimbursement to Operator shall not.

2.6 Standards of Operation. Operator agrees that the Conference Center shall at all times maintain the quality required by the Franchisor and that attendant to a first-class conference centers with respect to the type, quality and service of food and beverages; employee appearance, training and supervision; quality of silverware, tableware and glassware; and quality of maintenance and repair. Operator agrees to conduct the management and operation of the Conference Center at all times with good faith, integrity and in a manner that is in the best interest of the Conference Center and consistent with the terms of this Agreement.

2.7 Catering Services to Conference Center. Any and all catering services required for functions conducted within the Conference Center shall be provided pursuant to the terms, conditions and provisions of that certain Catering Agreement for the Conference Center at Cool Springs, of even date herewith, by and between Owner and Stormont Trice Corporation, a Georgia corporation, its successors and assigns.

### ARTICLE 3 OPERATING TERM; EXTENSION; TERMINATION

3.1 Operating Term. The Operating Term shall commence on the Commencement Date and shall continue thereafter for a period of fifteen (15) years, subject to early termination as provided in Section 3.2 hereof (such term being herein referred to as the "Operating Term").

3.2 Termination. This Agreement may be terminated prior to the expiration of the then effective Operating Term upon the occurrence of one or more of the following events:

(a) Upon any Event of Default, at the option of the non-defaulting party exercised by written notice to the defaulting party prior to the cure of such Event of Default.

(b) At the option of Operator exercised by written notice to Owner in the event of any suspension for a period in excess of ninety (90) days or withdrawal or revocation of any material governmental license or permit required for Operator's performance under this Agreement or the operation of the Conference Center (or any portion thereof) in accordance with the terms hereof, but only if such suspension, withdrawal or revocation is due to circumstances beyond Operator's reasonable control.

(c) Upon (i) any damage to or destruction of all or any part of the Conference Center or the means of vehicular access thereto by fire, casualty or other cause or any condemnation or other taking of all or any part of the Conference Center and (ii) which is not required to be repaired or restored by Owner pursuant to Article 10, at the option of either Owner or Operator by written notice to the other given within sixty (60) days of the date of such damage or destruction or condemnation or other taking; provided, however, that no termination by Owner shall be effective (and if previously given, may be nullified at the election of Operator) if Owner, at any time within one (1) year after the occurrence of such damage or destruction or

condemnation or other taking has commenced to restore or repair the Conference Center for use as a first-class conference center with facilities comparable to those damaged or destroyed, even if substantial changes are made to the physical structure of same. It is understood that the failure of Owner to repair or restore when required to do so under Article 10 may become an Event of Default, also allowing for the termination thereof.

3.3 Transition Procedures. Upon the expiration or termination of the Operating Term, for whatever reason, Owner and Operator shall do the following (and the provisions of this Section 3.3 shall survive the expiration or termination of this Agreement until they have been fully performed).

3.3.1. Licenses. Operator shall execute all documents and instruments necessary to transfer (if transferable) to Owner or its nominee all governmental permits and licenses held by Operator necessary to operate the Conference Center.

3.3.2. Leases and Concessions. Operator shall assign to Owner or its nominee, and Owner and its nominee, if any, shall assume, all leases and concession agreements in effect with respect to the Conference Center then in Operator's, rather than Owner's, name, except for blanket concessions affecting other facilities operated by Operator or its Affiliates.

3.3.3. Books and Records. All books and records for the Conference Center kept by Operator pursuant to Section 4.3 shall be turned over to Owner so as to insure the orderly continuance of the operation of the Conference Center, but such books and records shall thereafter be available to Operator at all reasonable times for inspection, audit, examination and transcription for a period of seven (7) years and Operator may retain any copies or computer records thereof which it desires.

3.3.4. Remittance. Operator shall remit to Owner from the Agency Account and the CEP Reserve all funds remaining, if any, after payment of all accrued Operating Expenses, Fees and other amounts due Operator.

#### ARTICLE 4 BUDGETARY, PLANNING AND ACCOUNTING PROCESSES

4.1 Annual Operating Projection. Not later than sixty (60) days prior to the commencement of each Fiscal Year, Operator shall submit the Annual Operating Projection to Owner for Owner's Approval. The Annual Operating Projection shall contain the following:

(a) Operator's reasonable estimate of Gross Revenues and Operating Expenses for the forthcoming Fiscal Year, as the same may be revised or replaced from time to time by Operator, together with the assumptions, in narrative form, forming the basis of such schedules.

(b) An estimate of the amounts to be dedicated to the CEP Reserve and an estimate of all anticipated expenditures to be made from the CEP Reserve during the forthcoming Fiscal Year.

(c) An estimate of any amounts Owner will be required to provide as Working Capital or to expend to meet Owner's financial obligations under Articles 7 and 8 and Section 9.1 hereof.

4.2 Approval. Owner and Operator shall negotiate in good faith prior to the commencement of such Fiscal Year. If unable to agree and until an agreement is reached, the Conference Center shall be operated on the basis of the last Approved Annual Operating Projection, with the following modifications:

4.2.1 Expenses. Total Operating Expenses may be increased, at Operator's option, by an amount equal to the percentage increase, if any, in the Consumer Price Index from the first (1st) day of the preceding Fiscal Year through the last day of the preceding Fiscal Year, with the further right to decrease or eliminate any specific category of Operating Expenses.

4.2.2 CEP Reserve. Operator shall have the right to expend from the CEP Reserve the entire amount to be dedicated thereto during such ensuing Fiscal Year so long as the fundamental character of the Conference Center's structure and Furniture and Equipment are not altered.

4.3 Books and Records. Operator shall keep full and adequate books of account and other records reflecting the results with the Uniform System and generally accepted accounting principles. Except as expressly provided in this Agreement otherwise, such books of account and other records shall reflect allocations of expense as between the Conference Center and the Hotel on a fair and equitable basis, including, without limitation, food and beverage management wages, administrative and general costs, credit card commissions, advertising and sales, and repairs and maintenance. Such books of account and other records shall likewise reflect separate income and expense statements for the Conference Center and the Hotel. The books of account and all other records relating to or reflecting the operation of the Conference Center shall be kept either at the Conference Center or at the Hotel, and shall be available to Owner and its representatives and its auditors or accountants, at all reasonable times for examination, audit, inspection and transcription. All of such books and records pertaining to the Conference Center at all times shall be the property of Owner and shall not be removed from the Conference Center or Operator's offices by Operator without Owner's Approval.

4.4 Accounting. Operator shall deliver to Owner within twenty (20) days after the end of each Accounting Period an interim accounting showing the results of the operation of the Conference Center for such Accounting Period, for the Fiscal Year to date and a computation of Gross Revenues and Operating Expenses. Such interim accounting and the annual accounting referred to below shall: (i) be in form Approved by Owner; (ii) be taken from the books and

records maintained by Operator for the Conference Center in the manner hereinabove specified; (iii) follow the general form set forth in the Uniform System, allowing for deviations which are necessary in order to comply with this Agreement; (iv) separately state the amount of Fees and any other amounts payable or expenses reimbursable to Operator or its Affiliates; and (v) be accompanied by an explanatory report. Within one hundred twenty (120) days after the end of each Fiscal Year, Operator shall deliver to Owner an annual accounting, audited and certified by a nationally recognized firm of certified public accountants (if requested by Owner prior to the end of such Fiscal Year) having conference center accounting experience selected by Operator after Approval by Owner, showing the results of Revenues and Operating Expenses, and any other information necessary to make the computations required hereby or which may be requested by Owner, all for such Fiscal Year. If the Owner does not present objections to the certified statements within one hundred eighty (180) days following receipt of Owner, such certified statements shall be deemed correct and conclusive for all purposes. The cost and expense of such certified statements shall be borne exclusively by Owner. The annual accounting for any Fiscal Year shall be controlling over the interim accountings for such Fiscal Year.

4.5 Sales and Marketing Plans. Not later than sixty (60) days prior to the commencement of each Fiscal Year, Operator shall submit to Owner for its review Operator's Sales and Marketing Plans for the Conference Center during such forthcoming Fiscal Year. Operator shall exercise diligent, commercially reasonable efforts to implement such plans during such year, subject to the availability of sufficient funds to pay the cost thereof.

## ARTICLE 5 REVENUES AND EXPENSES

5.1 Agency Account. Gross Revenues and additional funds supplied by Owner for Working Capital or other purposes, exclusive of funds deposited in the CEP Reserve, shall be deposited in the Agency Account. The Agency Account shall be opened and maintained at all times solely by Operator and checks or other documents of withdrawal therefrom shall be signed only by representatives of Operator. Developer agrees that funds in the Agency Account will be deposited with a bank that participates in the State of Tennessee "collateral pool," pursuant to T.C.A. §6-56-110 and 9-4-104, and further to notify any bank into which funds are deposited that all funds are municipal funds. All risk of loss with respect to funds in the Agency Account shall be borne by Owner except if and to the extent caused by Operator's fraud, negligence or willful misconduct.

5.2 Operator's Fee. In consideration of Operator's performance hereunder, Owner shall pay to Operator the Operator's Fee. For purposes of this Agreement, the "Operator's Fee" shall be Fifty Thousand and No/100 Dollars (\$50,000.00) per year for the first partial Fiscal Year (prorated based upon the number of days in such partial Fiscal Year) and each full Fiscal Year thereafter. The Operator's Fee shall be increased to One Hundred Twenty-Five Thousand and

No/100 (\$125,000.00) commencing with the first Fiscal Year after the Gross Revenues exceed Three Million and No/100 Dollars (\$3,000,000.00) for two consecutive Fiscal Years and continuing with such amount for each Fiscal Year thereafter. The Operator's Fee shall escalate on a Fiscal Year basis at a rate equal to the greater of (i) three percent (3.0%) per year or (ii) the Consumer Price Index increase with respect to the prior Fiscal Year. Payment of the Operator's Fee shall be made in thirteen (13) equal installments. Operator is authorized to disburse to itself from the Agency Account the amounts owing as Fees.

5.3 Working Capital. Operator shall be entitled to use all funds in the Agency Account for the payment of Operating Expenses and any and all other costs and taxes incurred in operating the Conference Center as provided in the Annual Operating Projection or as required by law, such as excise, sales and use taxes. In addition, Operator shall be entitled to retain in the Agency Account sufficient Working Capital to service the cash needs of the operation of the Conference Center. If, however, at any time there are insufficient funds in the Agency Account to pay such Operating Expenses or if Operator reasonably foresees that such a deficit will occur (taking into account the withdrawal of funds from the Agency Account which will occur to pay Fees and to fund the CEP Reserve), Owner, (i) within five (5) days after written notice from Operator, (ii) within five (5) days after the effectuation of any requisite governmental appropriation (in the event required funds exceed those set forth in the Annual Operating Projection), or (iii) at the times provided in the Approved Annual Operating Projection, shall pay to Operator for deposit in the Agency Account sufficient Working Capital to pay such deficit and restore sufficient Working Capital in the Agency Account to insure the uninterrupted and efficient operation of the Conference Center for the foreseeable future. Within fifteen (15) days prior to the Commencement Date, Owner shall deposit into the Agency Account the sum of One Hundred Thousand and No/100 Dollars (\$100,000.00) as the initial amount of Working Capital for the Conference Center. Anything set forth herein to the contrary notwithstanding, Owner and Operator mutually acknowledge that Owner intends that future governing bodies of the City and the County from time to time, as part of their annual budgeting process, will budget and appropriate, as required at the cost and expense of the City, funds to maintain the Conference Center at a quality level and style that is comparable and consistent with industry and Franchisor standards. It is therefore mutually acknowledged by Owner and Operator that the provision of such funds is subject to appropriation by future legislative bodies of the City and the County.

5.4 CEP Reserve. On or before the twentieth (20th) day of each Accounting Period, Operator shall transfer into the CEP Reserve the percentage of Gross Revenues provided for in the CEP Reserve Addendum for the immediately preceding Accounting Period (or such greater amount as has been Approved in the Annual Operating Projection for the then current Fiscal Year). The proceeds from the sale of Furniture and Equipment no longer needed for the operation of the Conference Center shall also be deposited in the CEP Reserve and credited against the amount required to be deposited thereto. At the end of each Fiscal Year, any amounts remaining in the CEP Reserve shall be carried forward to the next Fiscal Year and shall be in addition to the amount to be reserved in the next Fiscal Year. In the event at any time there are insufficient funds in the reserve for any Fiscal Year, then Owner shall, (i) within five (5) days

after request therefor by Operator or (ii) within five (5) days after the effectuation of any requisite governmental appropriation (in the event acquired funds exceed those set forth in the Annual Operating Projection), provide the additional cash to the Operator to fund the CEP Reserve in such amounts as are provided in the Annual Operating Projection. The CEP Reserve shall be opened and maintained at all times solely by Operator and checks or other documents of withdrawal therefrom shall be signed only by authorized representatives of Operator. All risk of loss with respect to funds in the CEP Reserve shall be borne by Owner, except if and to the extent caused by Operator's fraud, negligence or willful misconduct.

5.5 Remittance to Owner or Operator. Within twenty (20) days following the end of each Accounting Period, Operator shall remit to Owner the positive Net Cash Flow (less Working Capital) earned during the preceding calendar month. Within ten (10) days following the end of the each Accounting Period, Owner shall remit to Operator an amount equal to the negative Net Cash Flow resulting from operations during the preceding calendar month, subject to such time period as may be required with respect to any requisite appropriation of funds.

5.6 Annual Adjustments. At the end of each Fiscal Year following the rendition of the annual certified statement of operations, Owner and Operator shall promptly (and in all events within thirty (30) days after rendition of such statement) make such adjustments as necessary to insure that the proper amounts have been (1) paid as Operator's Fee and (2) deposited in the CEP Reserve.

5.7 Investments. Operator shall be entitled to temporarily invest funds in the Agency Account and the CEP Reserve in any investment permitted by Tennessee law for state or local government funds, with due regard for the cash needs of the Conference Center. Amounts earned as investments from the Agency Account and the CEP Reserve account shall constitute Gross Revenues. Operator may periodically (or in connection with Approval of the Annual Operating Projection) request Approval from Owner of permitted investment mediums for this purpose; except as to investment mediums specifically disapproved in writing by Owner within fifteen (15) days after Operator's request for Approval, all risk of loss from such investments shall be borne by Owner. The foregoing to the contrary notwithstanding, but subject to the provisions of the first sentence of this Section 5.7, Operator shall be entitled to cause funds in the Agency Account and the CEP Reserve to be invested, without the Approval of Owner, in savings accounts, certificates of deposit, United States Treasury obligations, commercial paper, "money market" funds, or investment instruments of equal or lesser risk; provided, however, that the form of any such investment shall be consistent with Operator's need to be able to liquidate any such investment to meet the cash needs of the Conference Center.

**ARTICLE 6**  
**USE OF CEP RESERVE**

The funds in the CEP Reserve shall be utilized by Operator for purposes approved in the Annual Operating Projection from time to time and for the following purposes:

6.1 Replacement of Furniture and Equipment. Operator shall make such expenditures from the CEP Reserve and substitutions of and replacement or additions to Furniture and Equipment as it may deem necessary.

6.2 Certain Non-Routine Repairs and Maintenance. Operator shall have the right to make expenditures from the CEP Reserve for certain non-routine repairs and maintenance to the Conference Center which are normally capitalized under generally accepted accounting principles such as exterior and interior repainting, resurfacing building walls, floors, roofs and parking areas, and replacing folding walls or the like, but which are not major repairs, alterations, improvements, renewals or replacements to the Conference Center buildings' structure or to its mechanical, electrical, heating, ventilating, air conditioning, plumbing or vertical transportation systems.

6.3 Alterations, Additions and Improvements. Operator shall have the right to make expenditures from the CEP Reserve for such alterations, additions or improvements in or to the Conference Center which are made in the operation of first class conference center, provided, however, no alterations, additions or improvements involving a fundamental change in the character of the Conference Center shall be made without Owner's Approval.

6.4 Minor Structural Repairs and Improvements. Operator shall have the right to make expenditures from the CEP Reserve for structural repairs and minor capital improvements to the Conference Center (exclusive of Furniture and Equipment) in any year in order to maintain the Conference as a first-class conference center.

6.5 Ordinary and Non-Structural Repairs and Maintenance. Operator shall, from time to time, make such expenditures from Gross Revenues or from the CEP Reserve for ordinary and non-structural repairs and maintenance as required by applicable laws and regulations or as it reasonably deems necessary to maintain the Conference Center in good operating condition. If any such repairs or maintenance shall be made necessary by any condition against the occurrence of which Owner has received the guaranty or warranty of the buildings of the Conference Center or of any supplier of labor or materials for the construction of the Conference Center, then Operator may invoke said guarantees or warranties in Owner's or Operator's name and Owner will cooperate with Operator in the enforcement thereof.

6.6 Public Bidding for Goods and Services. To the extent that public advertising and bidding are legally required for the procurement of Furniture and Equipment, the provision of repair and maintenance services, or the provision of services for alterations, additions or



improvements in or to the Conference Center, all is contemplated by this Article 6, Operator shall cause procurement of same through public advertising and bidding processes.

#### ARTICLE 7 OWNER'S CAPITAL OBLIGATIONS

Subject to the possible limitations contemplated in Section 5.3 hereof, Owner shall from time to time at its sole expense make such alterations, additions, improvements, repairs and replacements in or to the Conference Center as Owner and Operator shall Approve or as may be necessary to comply with any applicable law or regulation, or to maintain the Conference Center as a first- class conference center, and same shall be made with as little hindrance to the operation of the Conference Center as possible. Owner shall use its best efforts to prevent any liens from being filed against the Conference Center which arise from any such work and, if any such liens are filed, shall promptly obtain the release thereof.

#### ARTICLE 8 INSURANCE

8.1 Owner's Insurance. Throughout the Operating Term, Owner shall insure the Conference Center and all Furniture and Equipment and Fixed Assets Supplies against damage from risks of all nature (including, without limitation, earthquake and flood [with sublimits Approved by Owner and Operator], boiler and machinery insurance, but excluding, at Owner's discretion, damage resulting from war, nuclear energy, and wear and tear) in aggregate amounts which shall be not less than one hundred percent (100%) of the estimated replacement cost thereof (exclusive of foundations and footings). Owner shall carry such other or additional insurance in such amounts and against such risks as Owner shall reasonable deem necessary with respect to the buildings, facilities and contents of the Conference Center. Operator may procure all insurance required of Owner pursuant to this Section 8.1 for the benefit of Owner and all designated insured parties and the terms of all such policies of insurance, shall be Approved by Owner.

8.2 Operator's Insurance. Subject to availability and reasonable premium limitations, Operator shall throughout the Operating Term provide and maintain, with the cost to be charged to Owner as a part of Operating Expenses:

(a) Comprehensive general public liability insurance in amounts satisfactory to Owner and Franchisor, but in any event not less than \$50,000,000 for each occurrence, for personal injury and death, and property damage, which shall, among other risks, include coverage against liability arising out of the ownership or operation of motor vehicles, as well as coverage in such amount against all claims brought anywhere in the world arising out of alleged (i) bodily injury, (ii) death, (iii) property damage, (iv) assault or battery, (v) false arrest, detention or

imprisonment or malicious prosecution, (vi) libel, slander, defamation or violation of the right of privacy, (vii) wrongful entry or eviction, or (viii) liquor law or dram shop liability;

(b) Worker's compensation insurance or insurance required by similar employee benefit acts as well as insurance having a minimum per occurrence limit as Operator may deem advisable against all claims which may be brought for personal injury or death of Conference Center employees, but in no event less than amounts prescribed by applicable law;

(c) Fidelity insurance, with reasonable limits and deductibles to be determined by Operator, covering Operator's employees in job classifications normally bonded in other facilities it manages in the United States or otherwise required by law, and/or comprehensive crime insurance to the extent that Operator deems such to be necessary for the Conference Center, and

(d) Business interruption insurance covering loss of income to both Owner and Operator for a minimum period of eighteen (18) months resulting from interruption of business caused by the occurrence of any of the risks insured against under the property damage insurance referred to in Section 8.1.

To the extent any of the foregoing insurance is unavailable or is available at premiums deemed to be unreasonable by Operator, Operator shall consult with Owner regarding alternative means of risk management or premium payment with respect to such insurance.

Owner may require Operator to increase the limits of the above insurance coverage and may require Operator to carry other or additional insurance, but all premiums therefor shall be paid by Owner directly in advance and shall not be included in Operating Expenses. In addition, Owner may procure such additional insurance as Owner deems necessary or appropriate with respect to the Conference Center and the operation thereof, and Operator may procure such additional insurance as is reasonable and customary for insurable risks regarding conference centers comparable to the Conference Center, and the operation thereof.

**8.3 Form of Policies.** All insurance required by Sections 8.1 and 8.2 shall be in such form and with such companies as shall be reasonable satisfactory to Owner and Operator. Any insurance may be provided under blanket policies of insurance. All property damage insurance maintained by Owner or Operator pursuant to Section 8.1 shall name Owner and Operator as an additional insured, as its interests may appear. All other insurance shall be in the name of Owner and Operator as additional insured parties. If available, all policies of insurance shall provide that (i) the insurance company will have no right of subrogation against Owner, Operator or any of their respective Affiliates or the agents or employees thereof, and (ii) that the proceeds thereof in the event of loss or damage shall be payable notwithstanding any act of negligence or breach of warranty by Owner or Operator which might otherwise result in the forfeiture or non-payment of such insurance proceeds.

8.4 Insurance Proceeds. Owner and Operator shall be required to repair or restore the Conference Center after an insurable casualty, all proceeds of property damage insurance required to be maintained by Owner under Section 8.1 when and if collected shall be deposited in a trust account in a bank or trust company Approved by Operator and Owner, and such insurance proceeds shall be used to the extent necessary for the restoration or reconstruction of the Conference Center and any other improvement or improvements on the Premises, together with replacing any Furniture and Equipment and Fixed Asset Supplies required in the operation of the Conference Center, all such proceeds being pledged and dedicated by the parties for that purpose. Any surplus proceeds remaining after completion of such work and replacement shall, after deducting any amounts then due and payable by Owner to Operator or with respect to the Conference Center as required by this Agreement, be disbursed to Owner.

8.5 Certificates. Certificates of all policies shall be delivered to the party hereunder who is not required to purchase the insurance prior to the Commencement Date and thereafter certificates of renewal shall be so delivered prior to the expiration date of such policies. All such certificates shall specify that the policies to which they relate cannot be cancelled or modified on less than thirty (30) days' prior written notice to such other party.

## ARTICLE 9 TAXES AND UTILITIES

9.1 Taxes. To the extent funds are available from Gross Revenues or from Owner, Operator shall pay on behalf of Owner and as an "Operating Expense," prior to delinquency, any and all real estate taxes, all personal property taxes and all betterment assessments, if any, levied against the Conference Center or any of its component parts. Operator shall promptly deliver to Owner all notices of assessments, valuations and similar documents to be filed by Operator or Owner or which are received from taxing authorities by Operator. Notwithstanding the foregoing obligations of Operator, Operator may, at Owner's sole expense, contest the validity or the amount of any such tax or assessment, provided that such contest does not materially jeopardize Operator's or Owner's rights under this Agreement. Owner agrees to cooperate with Operator and execute any documents or pleadings required for such purpose, but Owner shall reimburse Operator any such out-of-pocket costs incurred by Operator in so doing.

9.2 Utilities. Operator shall promptly pay on behalf of Owner and as an "Operating Expense" all fuel, gas, light, power, water, sewage, garbage disposal, telephone and other utility bills currently as they are incurred in connection with the Conference Center from Gross Revenues or Working Capital.

**ARTICLE 10**  
**DAMAGE OR DESTRUCTION; CONDEMNATION**

10.1 Damage or Destruction. If the Conference Center, or any portion thereof, shall be damaged or destroyed at any time or times during the Operating Term by fire, casualty or any other cause, Owner will, at its own cost and expense and with due diligence, repair, rebuild or replace the same so that after such repairing, rebuilding, or replacing, the Conference Center, shall be substantially the same as prior to such damage or destruction. Owner shall undertake such work within ninety (90) days after the occurrence of such damage or destruction, and shall complete the same diligently. Notwithstanding the foregoing, if the Conference Center or any material portion thereof is damaged or destroyed to such an extent that the cost of repairs or restoration as reasonably estimated by Owner exceeds one-third of the original cost of the Conference Center or such portion, Owner shall have no obligation to repair, rebuild or replace the Conference Center.

10.2 Condemnation. If only a part of the Conference Center shall be taken or condemned in any eminent domain, condemnation, compulsory acquisition or like proceeding by any competent authority, and in the reasonable opinion of Owner, the Conference Center can be altered, restored or repaired so as to make it a satisfactory architectural unit as a hotel of similar type and class as prior to the taking or condemnation, Owner shall so alter, restore and replace if the proceeds of such condemnation will be sufficient to pay for the costs of same. Such work shall be commenced within ninety (90) days after such proceeds become available and shall be diligently pursued to completion; the procedures contained in the Development Agreement shall govern such work to the extent applicable.

**ARTICLE 11**  
**EVENTS OF DEFAULT; REMEDIES**

The occurrence of any of the following events shall constitute an event of default ("Event of Default") hereunder on the part of the party with respect to whom such event occurs:

11.1 Non-Payment. The failure of either party to pay any sum of money to the other party when due and payable, if such failure is not cured within ten (10) days after written notice specifying such failure is received by the defaulting party from the non- defaulting party.

11.2 Other Covenants. The failure of either party to perform, keep or fulfill any of the other covenants, undertakings or obligations set forth in this Agreement if such failure has or could have a material adverse affect on the operation of the Conference Center or the rights and duties of either party hereto, if such failure is not cured within thirty (30) days after written notice specifying such failure is received by the defaulting party from the non- defaulting party; provided, however, that if such failure is incapable of cure within such period, and the defaulting party commences to cure such default during such period and thereafter prosecutes such cure to

completion with all due diligence, then no Event of Default shall exist unless such failure remains uncured after one hundred twenty (120) days after receipt of such notice.

11.3 Breach of Warranty. Any warranty or representation made herein or in any document executed in connection herewith is breached in any material respect.

11.4 Bankruptcy. The filing by Owner or Operator of a voluntary petition in bankruptcy under Title 11 of the United States Code, or the issuing of an order for relief against Owner or Operator under Title 11 of the United States Code, or the filing by Owner or Operator of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or Owner's or Operator's seeking or consenting to or acquiescing in the appointment of any custodian, trustee, receiver, conservator or liquidator of Owner or of all or any substantial part of the Conference Center or of any or all of the rents, issues, profits, revenues or royalties therefor, or the making by Owner or Operator of any general assignment for the benefit of creditors, or Owner's or Operator's failure generally to pay its debts as such debts become due, or Owner's or Operator's giving of notice to any governmental body of insolvency or pending insolvency or suspension of operations; or the entry by a court of competent jurisdiction of an order, judgment or decree approving a petition filed against Owner or Operator seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, which order, judgment or decree remains unvacated and unstayed for an aggregate of ninety (90) days (whether or not consecutive) from the date of entry thereof, or the appointment of any custodian, trustee, receiver, conservator or liquidator of Owner or of all or any substantial part of the Premises or of any of all of the rents, issues, profits, revenues or royalties thereof without the consent or acquiescence of Owner, which appointment shall remain unvacated and unstayed for an aggregate of ninety (90) days (whether of not consecutive).

Upon the occurrence of an Event of Default (in which case the non-defaulting party may also terminate this Agreement as provided in Section 3.2), the non-defaulting party may pursue any and all remedies available to it at law or in equity. In addition, in the event of a failure by a party to perform, keep or fulfill any covenant, undertaking or obligation which would have been an Event of Default but for the lack of materiality (as such concept is stated in Section 11.2) of such default, the non-defaulting party shall have all remedies available at law or in equity except the termination hereof.

**ARTICLE 12**  
**TRANSFER RESTRICTIONS**

12.1 Assignment by Operator. Except as set forth below, Operator shall not assign its rights or delegate its obligations under this Agreement without the Approval of Owner. Operator shall have the right to assign its rights and delegate its obligations under this Agreement to Stormont Trice Corporation, a Georgia corporation, or to any entity (i) controlled by or under the common control with Stormont Trice Corporation or Operator and through which Richard M. Stormont, James M. Stormont, Jr. or Donald R. Trice controls the management and operation of the Conference Center or the Hotel, (ii) who acquires a controlling beneficial interest in the owner of the Hotel, Stormont Trice Corporation or Operator, so long as Richard M. Stormont, James M. Stormont, Jr. or Donald R. Trice remain substantially involved in the day-to-day management and operation of the Conference Center or the Hotel, (iii) who owns or becomes the owner of the Hotel, or (iv) who becomes the manager or operator of the Hotel (each a "Permitted Assignee"), and who: (a) assumes in writing Operator's obligations under this Agreement and (b) has sufficient experience and financial ability to carry out satisfactorily its duties as Operator under this Agreement; provided, however, to the extent any such assignment requires the consent of the Franchisor under the Franchise Agreement, the procurement of such consent shall constitute a condition to any such assignment by Operator of its rights under this Agreement. In the event of an assignment to a Permitted Assignee, the assigning Operator's liability hereunder shall terminate upon such assignment, but in the event of any assignment to Stormont Trice Corporation, Operator shall continue to be liable under this Agreement to the same extent as though such assignment had not been made. In addition to the foregoing, Operator may assign its right to receive fees or portions thereof to any person or entity as security for indebtedness.

**ARTICLE 13**  
**MISCELLANEOUS**

13.1 Further Assurances. Owner and Operator shall execute and deliver all other appropriate supplemental agreements and other instruments, and take any other action necessary to make this Agreement fully and legally effective, binding and enforceable as between them and as against third parties.

13.2 Waiver. The waiver of any of the terms and conditions of this Agreement on any occasion or occasions shall not be deemed a waiver of such terms and conditions on any future occasion.

13.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Owner, its successors and permitted assigns, and shall be binding upon and inure to the benefit of Operator, its successors and permitted assigns.

13.4 Governing Law. This Agreement shall be governed by the laws of the State of Tennessee.

13.5 Amendments. This Agreement may not be modified, amended, surrendered or changed, except by a written instrument executed by Owner and Operator.

13.6 Estoppel Certificates. Owner and Operator agree, at any time and from time to time, as requested by the other party upon not less than ten (10) days prior written notice, to execute and deliver to the other a statement certifying that this Agreement is unmodified and in full force and effect (or if there have been modifications, that this Agreement is in full force and effect as modified and stating the modifications), certifying the dates to which required payments have been paid, and stating whether or not, to the best knowledge of the signer, the other party is in default in performance of any of its obligations under this Agreement, and if so, specifying each such default of which the signer may have knowledge, it being intended that any such statement delivered pursuant hereto may be relied upon by others with whom the party requesting such certificate may be dealing.

13.7 Inspection Rights. Owner shall have the right to inspect the Conference Center and examine the books and records of Operator pertaining to the Conference Center at all reasonable times during the Operating Term upon reasonable notice to Operator, and Owner shall have access to the Conference Center and the books and records pertaining thereto at all times during the Operating Term, all to the extent consistent with applicable law and regulations and the rights of guests, tenants and concessionaires of the Conference Center.

13.8 Effect of Approval of Plans and Specifications, Budgets and Financing. Owner and Operator agree that in each instance in this Agreement or elsewhere wherein Operator is required to give its approval of plans, specifications, budgets and/or financing, no such approval shall imply or be deemed to constitute an opinion of Operator, nor impose upon Operator any responsibility for the design or construction of the Conference Center, including but not limited to structural integrity or life/safety requirements or adequacy of budgets and/or financing.

13.9 Owner Indemnification. Owner hereby indemnifies Operator, its affiliates, officers, directors, agents and employees, from and against any and all loss, cost, liability, claim, damage, demand or expense (including, without limitation, attorneys' fees and litigation expenses) which any such indemnified entity may incur or sustain as a result of the negligence of Owner arising out of or resulting from this Agreement; provided, however, such indemnification shall be subject to, and strictly limited by, the Tennessee Governmental Tort Liability Act. This indemnity shall survive the expiration and termination of this Agreement.

13.10 Operator's Indemnification. To the extent of available insurance proceeds associated with the liabilities and losses described below, Operator shall hold harmless, indemnify and defend Owner, and its respective agents, employees, officers, directors and shareholders, from and against all claims, damages, losses and expenses (including, but not

limited to, attorneys' fees for pre-trial, trial and appellate proceedings) arising out of or resulting from Operator's gross negligence, fraud or willful misconduct. This indemnity shall survive the expiration and termination of this Agreement.

13.11 Indemnification Procedure. Upon the occurrence of an event giving rise to indemnification, the party seeking indemnification shall notify the other party hereto and provide the other party hereto with copies of any documents reflecting the claim, damage, loss or expense. The party seeking indemnification is entitled to engage such attorneys and other persons to defend against the claim, damage, loss or expense, as it may choose. The party providing indemnification shall pay the reasonable charges and expenses of such attorneys and other persons on a current basis within twenty (20) days of submission of invoices or bills. In the event Owner neglects or refuses to pay such charges, Operator may pay such charges out of the Agency Account and deduct such charges from any amounts due Owner or add such charges to any amounts due Operator from Owner. If any claim, lawsuit or action (administrative or judicial) is maintained against Operator, Owner or the Conference Center due to allegations or actions arising prior to the Operating Term, Owner shall bear full and complete responsibility for the defense of the Conference Center, the Owner, the Operator, specifically including all legal fees and necessary and attendant expenses for the vigorous defense and representation of the interests of the Operator (for pre-trial, trial and appellate proceedings), the Conference Center and the Owner. Owner shall support and pay for all legal fees and representations necessary to remove Operator from any claim, action (administrative or judicial), or lawsuit covered by this provision.

13.12 Partial Invalidity. In the event that any one or more of the phrases, sentences, clauses or paragraphs contained in this Agreement shall be declared invalid by the final and unappealable order, decree or judgment of any court, this Agreement shall be construed as if such phrases, sentences, clauses or paragraphs had not been inserted, unless such construction would substantially destroy the benefit of the bargain of this Agreement to either of the parties hereto.

13.13 No Representation. In entering into this Agreement, Operator and Owner acknowledge that neither Owner nor Operator have made any representation to the other regarding projected earnings, the possibility of future success or any other similar matter respecting the Conference Center, and that Operator and Owner understand that no guarantee is made to the other as to any specific amount of income to be received by Operator or Owner or as to the future financial success of the Conference Center.

13.14 Relationship. In the performance of this Agreement, Operator shall act solely as an independent contractor. Neither this Agreement nor any agreements, instruments, documents or transactions contemplated hereby shall in any respect be interpreted, deemed or construed as making Operator a partner or joint venturer with Owner or as creating any similar relationship or entity, and Owner agrees that it will not make any contrary assertion, contention, claim or counterclaim in any action, suit or other legal proceedings involving Operator and Owner.



13.15 Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof, superseding all prior agreements or undertakings, oral or written.

13.16 Time of the Essence; Force Majeure. Time is of the essence of this Agreement; provided, however, that time limitations set forth in this Agreement, except with respect to monetary obligations, shall be extended for the period of any delay due to causes beyond the delayed party's control or which cannot be reasonably foreseen or provided against, including, without limitation, strikes, governmental regulations or orders, or events of force majeure.

13.17 Interpretation. No provisions of this Agreement shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision.

13.18 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and need not be signed by more than one of the parties hereto and all of which shall constitute one and the same agreement.

13.19 Consent and Approval. Except as herein otherwise provided, whenever in this Agreement the Approval of Operator and Owner is required, such Approval shall not be unreasonably withheld or delayed.

13.20 Notices. Any notice, consent, approval, or other communication which is provided for or required by this Agreement must be in writing and may be delivered in person to any party or may be sent by a facsimile transmission, telegram or telex, courier or registered or certified U.S. mail, with postage prepaid, return receipt requested. Any such notice or other written communications shall be deemed received by the party to whom it is sent (i) in the case of personal delivery, on the date of delivery to the party to whom such notice is addressed as evidenced by a written receipt signed on behalf of such party, (ii) in the case of facsimile transmission or telegram, two (2) business days after the date of transmission, (iii) in the case of courier delivery, the date receipt is acknowledged by the party to whom such notice is addressed as evidenced by a written receipt signed on behalf of such party, and (iv) in the case of registered or certified mail, the earlier of the date receipt is acknowledged on the return receipt for such notice or five (5) business days after the date of posting by the United States Post Office. For purposes of notices, the addresses of the parties hereto shall be as follows, which addresses may be changed at any time by written notice given in accordance with the provision:

If to Owner:

Hon. Jerry W. Sharber  
Mayor  
City of Franklin  
City Hall Mall  
Office of the Mayor and City Administrator  
109 Third Avenue South  
Franklin, Tennessee 37064

Mr. James R. Johnson  
City Administrator  
City of Franklin, Tennessee  
City Hall Mall  
Office of the Mayor and City Administrator  
109 Third Avenue South  
Franklin, Tennessee 37064

With copies to:

Mr. Douglas Berry  
City Attorney  
Weed, Hubbard, Berry & Doughty  
SunTrust Center  
424 Church Street  
Nashville, Tennessee 37219

Mr. Robert A. Ring  
County Executive  
Williamson County  
1320 West Main Street  
Suite 125  
Franklin, Tennessee 37064

Mr. Richard Buerger  
Peterson, Buerger, Moseley & Carson  
306 Court Square  
Franklin, Tennessee 37064

If to Operator:

Stormont Trice Management Corporation  
3350 Cumberland Circle  
Suite 1800  
Atlanta, Georgia 30339  
Attn: Richard M. Stormont  
Chairman

Failure of, or delay in delivery of any copy of a notice or other written communication shall not impair the effectiveness of such notice or written communication given to any party to this Agreement as specified herein. The parties agree that upon giving any notice or other written communication in accordance with the foregoing procedure they shall each then use their reasonable best efforts to advise the other party by telephone that a written communication has been sent under this Agreement; such telephonic advice shall not impair the effectiveness of any written communication otherwise given in accordance with this Section.

13.21 Liability of Owner. By their execution hereinbelow, the City of Franklin, Tennessee and Williamson County hereby acknowledge and agree that their liability under this Agreement shall be joint and several with respect to the obligations of Owner hereunder, notwithstanding any other provision of this Agreement to the contrary.

#### ARTICLE 14 REPRESENTATIONS AND WARRANTIES

14.1 Representations and Warranties of Owner. In order to induce Operator to enter into this Agreement, Owner does hereby make the following representations and warranties:

(a) the execution of this Agreement is permitted by the statutory and constitutional authority of Owner and this Agreement has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of Owner enforceable in accordance with the terms hereof;

(b) except for that certain pending civil action styled Freeman v. Robert Ring, et al., there is no claim, litigation, proceedings or governmental investigation pending, or as far as is known to Owner, threatened, against or relating to Owner, the properties or business of Owner or the transactions contemplated by this Agreement which does, or may reasonably be expected to, materially and adversely affect the ability of Owner to enter into this Agreement or to carry out its obligations hereunder, and there is no basis for any such claim, litigation, proceedings or governmental investigation, except as has been fully disclosed in writing to Operator; and

(c) neither the consummation of the actions completed by this Agreement on the part of Owner to be performed, nor the fulfillment of the terms, conditions and provisions of this Agreement, conflicts with or will result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any agreement, indenture, instrument or undertaking to which Owner is a party or by which it is bound.

14.2 Representations and Warranties of Operator. In order to induce Owner to enter into this Agreement, Operator does hereby make the following representations and warranties:

(a) the execution of this Agreement is permitted by the Articles of Incorporation and By-Laws of Operator and this Agreement has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of Operator enforceable in accordance with the terms hereof;

(b) there is no claim, litigation, proceedings or governmental investigation pending, or as far as is known to Operator, threatened, against or relating to Operator, the properties or business of Operator or the transactions contemplated by this Agreement which does, or may reasonably be expected to, materially and adversely affect the ability of Operator to enter into this Agreement or to carry out its obligations hereunder, and there is no basis for any such claim, litigation, proceedings or governmental investigation, except as has been fully disclosed in writing to Owner; and

(c) neither the consummation of the actions completed by this Agreement on the part of Operator to be performed, nor the fulfillment of the terms, conditions and provisions of this Agreement, conflicts with or will result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any agreement, indenture, instrument or undertaking to which Operator is a party or by which it is bound.

14.3 Conditions Subsequent. Anything to the contrary set forth in this Agreement notwithstanding, the rights, duties and obligations of Owner and Operator hereunder are and shall be subject to achievement of the following on or before November 14, 1997:

- (i) the consummation of construction financing sufficient for the development and construction of the Hôtel;
- (ii) the full execution of the Franchise Agreement; and
- (iii) commencement of construction of the Conference Center.

If foregoing conditions subsequent are not fulfilled on or before November 14, 1997, either Owner or Operator, upon written notice to the other, shall have the right to terminate this Agreement whereupon all rights, benefits, duties and obligations of Owner and Operator hereunder shall be null and void and neither party shall have any further duties and obligations hereunder.

IN WITNESS WHEREOF, Operator and Owner, acting by and through their proper and duly authorized officers or representatives, have each duly executed this Agreement under seal the day and year first above written.

OWNER:

CITY OF FRANKLIN, TENNESSEE

By: Jerry W. Sharber  
Jerry W. Sharber  
Mayor

Attest: James R. Johnson  
Name: James R. Johnson  
City Clerk

WILLIAMSON COUNTY

By: Robert A. Ring  
Name: Robert A. Ring  
Title: County Executive

OPERATOR:

STORMONT TRICE MANAGEMENT  
CORPORATION, a Georgia corporation

By: Donald R. Trice  
Donald R. Trice  
Chairman / President

## CEP RESERVE ADDENDUM

There shall be paid into the CEP Reserve during each Fiscal Year the following percentages of Gross Revenues<sup>1</sup>:

First partial Fiscal Year and first full Fiscal Year	<u>1</u> %
Second full Fiscal Year	<u>2</u> %
Third full Fiscal Year	<u>3</u> %
Fourth full Fiscal Year and thereafter	<u>4</u> %

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<sup>1</sup>Amounts to be paid into the CEP Reserve shall be dictated in large part by amounts required under the Franchise Agreement which, as of September 30, 1997, have not been determined.

# EXHIBIT A

## PROPERTY DESCRIPTION

Lot 662, Cool Springs East Subdivision, Section 16

Being a tract of land located in the Eighth Civil District of Williamson County, in the City of Franklin, Tennessee, known as Lot 662, Cool Springs East Subdivision, Section 16, as of record in Plat Book 25, Page 125, R.O.W.C., Tennessee, and being more particularly described as follows:

BEGINNING at an existing iron pin, the northerly end of the northeasterly return curve of Cool Springs Boulevard and Carothers Parkway; thence,

1. With the easterly right-of-way line of Carothers Parkway, northwardly, with a curve to the right, having a radius of 3510.87 feet and a central angle of  $11^{\circ}32'51''$ , an arc length of 707.59 feet, a chord bearing and distance of North  $22^{\circ}14'19''$  East, 706.39 feet to an existing iron pin; thence,
2. North  $28^{\circ}00'44''$  East, 32.00 feet to an iron pin set; thence,
3. Leaving said right-of-way line, with the southerly line of Lot 663, southerly, with a curve to the left, having a radius of 30.00 feet and a central angle of  $53^{\circ}35'17''$ , an arc length of 28.06 feet, a chord bearing and distance of South  $44^{\circ}21'17''$  East, 27.05 feet to an iron pin set; thence,
4. Southeasterly, with a curve to the left, having a radius of 177.00 feet and a central angle of  $29^{\circ}13'56''$ , an arc length of 90.31 feet, a chord bearing and distance of South  $85^{\circ}45'54''$  East, 89.33 feet to an iron pin set; thence,
5. North  $79^{\circ}37'17''$  East, 62.45 feet to an iron pin set; thence,
6. With a curve to the left, having a radius of 295.00 feet and a central angle of  $13^{\circ}41'29''$ , an arc length of 70.49 feet, a chord bearing and distance of North  $72^{\circ}46'42''$  East, 70.33 feet to an iron pin set; thence,
7. With a curve to the right, having a radius of 342.00 feet and a central angle of  $25^{\circ}42'24''$ , an arc length of 153.44 feet, a chord bearing and distance of North  $78^{\circ}47'10''$  East, 152.16 feet to an iron pin set; thence,
8. South  $01^{\circ}38'22''$  West, 36.30 feet to an iron pin set; thence,
9. Southeasterly, with a curve to the right, having a radius of 306.00 feet and a central angle of  $45^{\circ}10'11''$ , an arc length of 242.81 feet, a chord bearing and distance of South  $65^{\circ}46'32''$  East, 236.58 feet to an iron pin set; thence,
10. South  $16^{\circ}20'33''$  West, 229.27 feet to an iron pin set; thence,
11. South  $73^{\circ}39'27''$  East, 11.58 feet to an iron pin set; thence,
12. South  $16^{\circ}20'33''$  West, 42.39 feet to an iron pin set; thence,
13. With the common property line of Lot 665 and this tract, North  $73^{\circ}39'27''$  West, 105.14 feet to a point; thence,
14. North  $16^{\circ}20'33''$  East, 46.50 feet; thence;
15. North  $73^{\circ}39'27''$  West, 77.69 feet; thence,
16. South  $16^{\circ}20'33''$  West, 58.51 feet; thence,
17. North  $73^{\circ}39'27''$  West, 90.96 feet; thence,
18. South  $16^{\circ}20'33''$  West, 9.04 feet; thence,
19. North  $73^{\circ}39'27''$  West, 6.87 feet; thence,
20. South  $16^{\circ}20'33''$  West, 26.88 feet; thence,

## EXHIBIT A

21. North  $73^{\circ}39'27''$  West, 125.10 feet to an iron pin set; thence,
22. South  $16^{\circ}20'33''$  West, 101.68 feet to an iron pin set; thence,
23. With a curve to the left, having a radius of 137.00 feet and a central angle of  $31^{\circ}57'44''$ , an arc length of 76.42 feet, a chord bearing and distance of South  $00^{\circ}21'41''$  West, 75.44 feet to an iron pin set; thence,
24. South  $74^{\circ}22'49''$  West, 174.41 feet to an iron pin set; thence,
25. South  $16^{\circ}20'33''$  West, 186.88 feet to an iron pin set on the northerly right-of-way line of Cool Springs Boulevard; thence,
26. With said right-of-way line, North  $73^{\circ}24'53''$  West, 135.45 feet to an iron pin set; thence,
27. North  $73^{\circ}22'49''$  West, 30.20 feet to an existing iron pin; thence,
28. With a curve to the right, having a radius of 36.00 feet and a central angle of  $52^{\circ}19'34''$ , an arc length of 32.88 feet, a chord bearing and distance of North  $09^{\circ}41'54''$  West, 31.75 feet to the POINT OF BEGINNING and containing 7.800 acres, more or less.



**ASSIGNMENT AND ASSUMPTION OF  
CONFERENCE CENTER MANAGEMENT AGREEMENT**

THIS ASSIGNMENT is made and entered into as of this 22 day of June, 2001, by and between CRESTLINE HOTELS & RESORTS, INC., a Delaware corporation (hereinafter referred to as "Assignor"), and NOBLE INVESTMENTS-COOL SPRINGS, LLC, a Delaware limited liability company (hereinafter referred to as "Assignee").

WITNESSETH:

WHEREAS, contemporaneously with the execution and delivery hereof, Cool Springs Hotel Associates, LLC, a Georgia limited liability company ("Seller"), has sold and conveyed to Assignee all that tract or parcel of land more particularly described in Exhibit A attached hereto and incorporated herein by reference, together with the hotel located thereon, known as the "Franklin Marriott Cool Springs" (the "Hotel"), and all rights, easements and appurtenances thereto (hereinafter collectively referred to as the "Property"); and

WHEREAS, in connection with such conveyance of the Property, Assignor and Assignee have agreed that Assignor shall transfer and assign to Assignee that certain Conference Center Operating Agreement for the Conference Center at Cool Springs (the "Conference Center"), dated as of October 15, 1997, by and among the City of Franklin, Tennessee and Williamson County, collectively as "Owner" therein (collectively, the "Municipalities"), and Stormont Trice Management Corporation, as "Manager" therein, as assigned to Assignor pursuant to that certain Assignment and Assumption of Conference Center Agreement dated as of August 1, 2000 by and between Stormont Trice Management Corporation and Assignor (as assigned, hereinafter referred to as the "Conference Center Management Agreement"); and

WHEREAS, Assignor and Assignee have further agreed that Assignee shall expressly assume all of the obligations of Assignor arising under the Conference Center Management Agreement from and after the date of this Assignment.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, Assignor and Assignee hereby agree as follows:

1. Transfer and Assignment. Assignor hereby sells, transfers, assigns and sets over to Assignee, its successors and assigns, the Conference Center Management Agreement, a true and correct copy of which is attached hereto as Exhibit B and incorporated herein by reference.

2. Cut-Off Time. This Assignment shall be effective as of 11:59 p.m. local time at the Conference Center on June 21, 2001 (the "Cut-Off Time"). All accounts shall be closed out as of the Cut-Off Time, and by this Assignment Assignor also shall and does hereby transfer to Assignee or its manager all funds held by Assignor pursuant to the Conference Center Management Agreement as of the Cut-Off Time on behalf of the Municipalities in the "Agency Account" and in the "CEP Reserve" account (as such terms are defined in the Conference Center

Management Agreement) (collectively, the "Deposit Accounts"). As of the Cut-Off Time, Assignor shall have no further obligations to manage the Conference Center.

3. Assumption of Obligations. Assignee hereby acknowledges receipt of the Deposit Accounts and all funds on deposit therein, and Assignee hereby assumes and agrees to observe and perform all of the obligations and duties of Assignor under the Conference Center Management Agreement arising from and after, but not before, the Cut-Off Time.

4. Proration. In connection with the execution and delivery of this Assignment, Assignor and Assignee have prorated, as between Assignor and Assignee as of the Cut-Off Time, all amounts paid or payable to Assignor, or payable by Assignor, under the Conference Center Management Agreement. Revenues from the Conference Center for the day on which Cut-Off Time occurs shall be considered Gross Revenues of the Conference Center arising prior to this Assignment and will be accounted for in the manner provided in the Conference Center Management Agreement for calculating Operator's Fee accruing and owing to Operator as of the Cut-Off Time. Assignor and Assignee have made such cash adjustment as between Assignor and Assignee as is necessary to reflect such proration in conjunction with the closing of the transfer of the Property.

5. Accounting Statements. Assignor and Assignee acknowledge that there may be certain adjustments for which the necessary information will not be available at the Cut-Off Time (including, without limitation, any employee medical claims, if any, relating to the time prior to the Cut-Off Time which may not have been submitted by the date of closing), and the parties agree to readjust such amounts and make the necessary cash adjustments when such information becomes available; provided, however, that (unless there are ongoing disputes of which each party has received notice) all accounts shall be deemed final as of 180 days after the Cut-Off Time.

6. Access to Property and Records. Subject to prior notice to Assignee's manager, Assignor shall have the right to have its representatives present at the Property for a reasonable period of time after the Cut-Off Time for the purpose of performing the post-closing adjustments provided for in this Assignment, and such representatives shall be given reasonable access during normal business hours to the books and records of the Conference Center and the Hotel which are relevant to the preparation of such final adjustments with respect to both the Conference Center and the Hotel. Assignee will furnish Assignor with copies of any information which is contained in Assignee's accounting computer system and is reasonably requested by Assignor for a reasonable period of time after the Cut-Off Time to allow Assignor to make any post-closing accountings necessary. Assignor and Assignee shall each cause their respective representatives to fully cooperate with each other's in the determination of the prorations and adjustments under this Assignment.

7. Remittance. During the period between the Cut-Off Time and the date of the final accounting, Assignee or Assignee's manager shall pay all Conference Center Operating Expenses which accrued (but were not paid) prior to the Cut-Off Time using for such purpose any Conference Center Gross Revenues which accrued (but were not collected) prior to the Cut-Off Time. The receipt of all revenues earned and the payment of all expenses incurred for

periods prior to the Cut-Off Time shall be collected and paid by Assignee or Assignee's designee in accordance with the terms of the Conference Center Management Agreement.

8. Indemnity. Assignor hereby indemnifies and holds Assignee harmless from and against all claims, demands, losses, damages, expenses and costs including, but not limited to, reasonable attorneys' fees and expenses actually incurred, arising out of or in connection with Assignor's failure to observe, perform and discharge each and every one of the covenants, obligations and liabilities of Assignor under the Conference Center Management Agreement to be observed, performed or discharged, which relate or accrue with respect to the period, prior to the Cut-Off Time. Assignee hereby indemnifies and holds Assignor harmless from and against all claims, demands, losses, damages, expenses and costs including, but not limited to, reasonable attorneys' fees and expenses actually incurred, arising out of or in connection with Assignee's failure to observe, perform and discharge all covenants, obligations and liabilities of Assignee under the Conference Center Management Agreement to be observed, performed or discharged, which relate or accrue with respect to the period, from and after, but not before, the Cut-Off Time.

9. Governing Law. This instrument shall be governed by and construed in accordance with internal laws of the State of Georgia without reference to the conflicts of laws or choice of law provisions thereof.

10. Binding Effect. This instrument shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.

11. Counterparts. This Assignment may be executed in one or more counterparts, each of which shall constitute an original, and all of which, taken together, shall constitute but one and the same document.

IN WITNESS WHEREOF, Assignor and Assignee have each caused this Assignment to be executed by its duly authorized signatory as of the day and year first above written.

[SIGNATURE PAGE FOLLOWS]

ASSIGNOR:

CRESTLINE HOTELS & RESORTS, INC.,  
a Delaware corporation

By:

(Elizabeth C. Lieberman)  
Name: Elizabeth C. Lieberman  
Title: vice president

ASSIGNEE:

NOBLE INVESTMENTS-COOL SPRINGS,  
LLC, a Delaware limited liability company

By: Noble LA Cool Springs Manager, LLC, a  
Delaware limited liability company, its  
Managing Member

By:

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

ASSIGNOR:

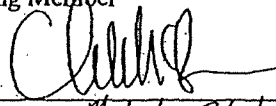
**CRESTLINE HOTELS & RESORTS, INC.,**  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ASSIGNEE:

**NOBLE INVESTMENTS-COOL SPRINGS,**  
LLC, a Delaware limited liability company

By: Noble LA Cool Springs Manager, LLC, a  
Delaware limited liability company, its  
Managing Member

By:   
Name: Mitch Shah  
Title: President



ACKNOWLEDGEMENT AND CONSENT

The CITY OF FRANKLIN, TENNESSEE (the "City"), and WILLIAMSON COUNTY (the "County"), hereby:

(i) acknowledge and consent to the within and foregoing Assignment of Assignor's right, title and interest in and to the Conference Center Management Agreement to Assignee, and Assignee's assumption of all of the obligations and duties of Assignor thereunder from and after the date hereof; and

(ii) release and discharge Assignor from the performance or observance of any of duties and obligations under the Conference Center Management Agreement from and after, but not before, the date hereof.

IN WITNESS WHEREOF, the City and County have caused this Acknowledgement to be executed by their duly authorized signatories this 15<sup>th</sup> day of June, 2001.

CITY:

CITY OF FRANKLIN, TENNESSEE

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

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

COUNTY:

WILLIAMSON COUNTY

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

Name: Clint Callicott  
Title: County Executive

**EXHIBIT A**

**Legal Description**

A TRACT OF LAND IN THE EIGHTH CIVIL DISTRICT OF WILLIAMSON COUNTY, IN THE CITY OF FRANKLIN, TENNESSEE, BEING ALL OF LOT 665, COOL SPRINGS EAST SUBDIVISION, SECTION 16, REVISION 1, AS OF RECORD IN BOOK 27, PAGE 13, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHERLY END OF THE NORTHEASTERLY RETURN CURVE OF CAROTHERS PARKWAY AND COOL SPRINGS BOULEVARD AND PROCEEDING AS FOLLOWS: WITH THE NORTHERLY RIGHT-OF-WAY LINE OF COOL SPRINGS BOULEVARD SOUTH 73 DEGREES 22 MINUTES 49 SECONDS EAST A DISTANCE OF 30.20 FEET TO AN IRON ROD (OLD); THENCE SOUTH 73 DEGREES 24 MINUTES 53 SECONDS EAST A DISTANCE OF 135.45 FEET TO A PK NAIL (OLD) BEING THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT; THENCE

1. LEAVING COOL SPRINGS BOULEVARD AND WITH THE COMMON PROPERTY LINE OF LOT 662, CITY OF FRANKLIN, AS OF RECORD IN PLAT BOOK 27, PAGE 13, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE AND THIS LOT 665. NORTH 16 DEGREES 20 MINUTES 33 SECONDS EAST, A DISTANCE OF 186.88 FEET TO A PK NAIL (OLD); THENCE,
2. NORTH 74 DEGREES 22 MINUTES 49 SECONDS EAST A DISTANCE OF 174.41 FEET TO AN IRON ROD (OLD); THENCE,
3. NORTHERLY, WITH A 137.00 FOOT RADIUS CURVE TO THE RIGHT, HAVING A CENTRAL ANGLE OF 31 DEGREES 57 MINUTES 44 SECONDS AN ARC DISTANCE OF 76.42 FEET AND A CHORD BEARING OF NORTH 00 DEGREES 21 MINUTES 41 SECONDS EAST A DISTANCE OF 75.44 FEET TO AN IRON ROD (NEW); THENCE,
4. NORTH 16 DEGREES 20 MINUTES 33 SECONDS EAST A DISTANCE OF 101.68 FEET TO AN IRON ROD (NEW); THENCE,
5. SOUTH 73 DEGREES 39 MINUTES 27 SECONDS EAST A DISTANCE OF 125.10 FEET; THENCE,
6. NORTH 16 DEGREES 20 MINUTES 33 SECONDS EAST A DISTANCE OF 26.88 FEET; THENCE,
7. SOUTH 73 DEGREES 39 MINUTES 27 SECONDS EAST A DISTANCE OF 6.87 FEET; THENCE,



8. NORTH 16 DEGREES 20 MINUTES 33 SECONDS EAST A DISTANCE OF 9.04 FEET; THENCE,
9. SOUTH 73 DEGREES 39 MINUTES 27 SECONDS EAST A DISTANCE OF 90.96 FEET; THENCE,
10. NORTH 16 DEGREES 20 MINUTES 33 SECONDS EAST A DISTANCE OF 58.51 FEET; THENCE,
11. SOUTH 73 DEGREES 39 MINUTES 27 SECONDS EAST A DISTANCE OF 77.69 FEET; THENCE,
12. SOUTH 16 DEGREES 20 MINUTES 33 SECONDS WEST A DISTANCE OF 46.50 FEET; THENCE,
13. SOUTH 73 DEGREES 39 MINUTES 27 SECONDS EAST A DISTANCE OF 105.14 FEET TO AN IRON ROD (OLD) ON THE WESTERLY PROPERTY LINE OF LOT 664, SAID COOL SPRINGS EAST SUBDIVISION, SECTION 16, AS OF RECORD IN PLAT BOOK 27, PAGE 13, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE; THENCE,
14. WITH SAID COMMON PROPERTY LINE OF LOT 664 AND THIS LOT 665, SOUTH 16 DEGREES 20 MINUTES 33 SECONDS WEST A DISTANCE OF 248.97 FEET TO A P.K. NAIL (OLD); THENCE,
15. NORTH 73 DEGREES 39 MINUTES 27 SECONDS WEST A DISTANCE OF 192.44 FEET TO AN IRON PIPE (OLD); THENCE,
16. SOUTH 16 DEGREES 20 MINUTES 33 SECONDS WEST A DISTANCE OF 262.64 FEET TO A P.K. NAIL (NEW) ON THE NORTHERLY RIGHT-OF-WAY OF COOL SPRINGS BOULEVARD; THENCE,
17. WITH SAID NORTHERLY RIGHT-OF-WAY NORTH 73 DEGREES 39 MINUTES 27 SECONDS WEST A DISTANCE OF 339.29 FEET TO A P.K. NAIL (OLD); THENCE,
18. NORTH 09 DEGREES 30 MINUTES 20 SECONDS EAST A DISTANCE OF 10.35 FEET TO THE POINT OF BEGINNING.

BEING THE SAME PROPERTY AS DESCRIBED ON, AND CONTAINING 182,927 SQUARE FEET OR 4.199 ACRES, MORE OR LESS, AS SHOWN ON, THAT CERTAIN ALTA/ACSM LAND TITLE SURVEY BY RAGAN SMITH ASSOCIATES, DATED MARCH 13, 2001, LAST REVISED JUNE 7, 2001, UNDER JOB NO. 85-132, WK. ORDER 6653, AND BEING THE SAME PROPERTY AS CONVEYED TO COOL SPRINGS HOTEL ASSOCIATES, LLC OF RECORD IN DEED BOOK 1605, PAGE 830, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE.

TOGETHER WITH APPURTENANT EASEMENTS ESTABLISHED BY (i) RECIPROCAL EASEMENT, OPERATING AND USE AGREEMENT BETWEEN CITY OF FRANKLIN, TENNESSEE, WILLIAMSON COUNTY, AND COOL SPRINGS HOTEL ASSOCIATES, LLC OF RECORD IN BOOK 1605, PAGE 844, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE; (ii) CONSTRUCTION AND EASEMENT AGREEMENT, OF RECORD IN BOOK 1605, PAGE 878, SAID REGISTER'S OFFICE; AND (iii) DECLARATION OF PROTECTIVE COVENANTS AND OWNERS ASSOCIATION FOR COOL SPRINGS EAST SIDE, OF RECORD IN BOOK 1235, PAGE 725, SAID REGISTER'S OFFICE, AS AMENDED BY FIRST SUPPLEMENTAL DECLARATION OF PROTECTIVE COVENANTS AND OWNERS ASSOCIATION FOR COOL SPRINGS EAST SIDE, OF RECORD IN BOOK 1446, PAGE 146, SAID REGISTER'S OFFICE, AND AS AMENDED BY SECOND SUPPLEMENTAL DECLARATION OF PROTECTIVE COVENANTS AND OWNERS ASSOCIATION FOR COOL SPRINGS EAST SIDE, OF RECORD IN BOOK 1456, PAGE 49, SAID REGISTER'S OFFICE.

**CONFERENCE CENTER OPERATING AGREEMENT**

for

**THE CONFERENCE CENTER  
at  
COOL SPRINGS**

---

between

**CITY OF FRANKLIN, TENNESSEE  
and  
WILLIAMSON COUNTY,**

collectively, Owner

and

**STORMONT TRICE MANAGEMENT CORPORATION,**

Operator

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October 15, 1997

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**CONFERENCE CENTER OPERATING AGREEMENT**

(The Conference Center at Cool Springs)

This Conference Center Operating Agreement is made as of the 15th day of October, 1997, between the **CITY OF FRANKLIN, TENNESSEE**, a corporate body politic and political subdivision of the State of Tennessee, and **WILLIAMSON COUNTY**, a corporate body politic and political subdivision of the State of Tennessee, collectively, as Owner, and **STORMONT TRICE MANAGEMENT CORPORATION**, a Georgia corporation, as Operator.

**WITNESSETH:**

WHEREAS, Owner is or will become the owner of the Premises; and

WHEREAS, Owner seeks to develop a conference center on or about the Premises to attract conventioners, business travelers, tourists, vacationers and other visitors to, and promote the economic development of, the City of Franklin and Williamson County; and

WHEREAS, development of such conference center will serve a public purpose by providing a substantial public benefit and positive economic development for the City of Franklin and Williamson County, including, without limitation, enhancing the standing of the City of Franklin and Williamson County in the state and regional conference and meetings market, capturing additional meetings and conventions for the City of Franklin and Williamson County, increasing business for other hotels and motels due to positive latent demand providing an increase in hotel and visitor-related sales, generating significant additional dollars and revenue for the City of Franklin and Williamson County, creating new jobs for the citizenry of the City of Franklin and Williamson County, and providing meeting space for residents and groups in the municipalities;

WHEREAS, Owner desires to broaden and modernize the convention-serving potential of the City of Franklin and Williamson County through the development of a hotel and conference center; and

WHEREAS, Operator is experienced in the management and operation of hotels and conference centers, directly or through affiliated entities; and

WHEREAS, Operator has been selected by Owner through a publicly-advertised, competitive selection process to manage and operate the new conference center; and

WHEREAS, Owner desires to have the new conference center managed and operated by Operator for the Owner in accordance with the terms and conditions and subject to the limitations contained in this Agreement.

NOW, THEREFORE, Owner and Operator covenant and agree as follows:

## ARTICLE I DEFINITIONS, TERMS AND REFERENCES

1.1 Definitions. In this Agreement and any exhibits, addenda or riders hereto, the following terms shall have the following meanings:

Accounting Period shall mean a four (4)-week accounting period having the same beginning and ending dates as one of Operator's four (4)-week accounting periods, except that an Accounting Period may contain five (5) weeks when necessary to conform Operator's accounting system to the calendar.

Affiliate shall mean any entity owned or controlled by a party, owning or controlling a party or under common ownership and controlled with a party, with "control" meaning fifty percent (50%) or more ownership of voting interests.

Agency Account shall mean a special account or accounts, bearing the name of the Conference Center, established by Operator in a bank or trust company selected by Operator and Approved by Owner. Operator agrees that funds in the Agency Account will be deposited with a bank that participates in the State of Tennessee "collateral pool," pursuant to T.C.A. §6-56-110 and 9-4-104, and further to notify any bank into which funds are deposited that all funds are municipal funds. Operator shall cause such funds to be secured by collateral having a value of not less than one hundred five percent (105%) of the amount of such funds.

Agreement shall mean this Conference Center Operating Agreement, as it may be amended, modified or supplemented from time to time.

Annual Operating Projections shall mean schedules containing the annual operating projections for the Conference Center and certain other matters prepared and submitted by Operator to Owner pursuant to Section 4.1.

Approval or Approved shall mean prior written approval.

CEP Reserve shall mean an account established by Operator in a bank or trust company selected by Operator for the purposes set forth in Article 6. Operator agrees that funds in the CEP Reserve will be deposited with a bank that participates in the State of Tennessee "collateral pool," pursuant to T.C.A. §6-56-110 and 9-4-104, and further to notify any bank into



which funds are deposited that all funds are municipal funds. Operator shall cause such funds to be secured by collateral having a value of not less than one hundred five percent (105%) of the amount of such funds.

Commencement Date shall mean the first day on which Operator commences daily management duties for the Conference Center.

Conference Center means the planned meeting space complex to be developed on the Premises which shall include, without limitation, approximately 55,000 gross square feet of space, including a grand ballroom, meeting rooms, support pre-function and circulation areas and supporting back-of-house areas and related furniture, fixtures, operating supplies and equipment.

Consumer Price Index shall mean the "Revised Consumer Price Index for Urban Wage Earners and Clerical Workers, All items, U.S. Cities Average (1982-1984=100)" published by the United States Bureau of Labor Statistics, or any revisions or replacement thereto subsequently published with any necessary adjustments.

Development Agreement shall mean that certain Development Agreement, dated October 15, 1997, by and between Owner and Stormont Trice Development Corporation, a Georgia corporation, concerning the development and construction of the Conference Center.

Event of Default shall mean any of the events described in Article 11.

Fiscal Year shall mean Operator's fiscal year, which now ends at midnight on June 30 in any given calendar year; the new Fiscal Year begins on July 1 in any given calendar year. A partial Fiscal Year between the Commencement Date and the first full Fiscal Year, and between the end of the last full Fiscal Year and the termination of this Agreement shall, for purposes of this Agreement, constitute separate Fiscal Years. If Operator's fiscal year is changed in the future, then the Fiscal Year under this Agreement shall be changed in the same manner, and Operator and Owner shall make appropriate modifications in the reporting and accounting procedures contained in this Agreement; provided, however, that no such change or adjustment shall alter the Operating Term, reduce the amounts of payments due Owner or Operator hereunder or alter the rights of Owner or Operator under this Agreement.

Fixed Asset Supplies shall mean supply items which constitute "Fixed Assets" under the Uniform System, including china, glassware, silverware, miscellaneous serving equipment, linen, towels, uniforms and similar items.

Franchise Agreement shall mean the franchise agreement, dated as of December 19th, 1997, by and between a hotel franchisor, as "Franchisor" therein, and the owner or operator of the Hotel, as "Franchisee" therein, together with any amendments, modifications, supplements, restatements thereof or thereto, and any replacement or successor franchise agreements pertaining to the Hotel having the owner or operator thereof as the Franchisee therein.

Franchisor shall mean the "franchisor" under the Franchise Agreement, its successors, legal representatives and assigns, together with any subsequent grantors of a franchise under a successor Franchise Agreement. Owner and Operator mutually acknowledge that Marriott International, Inc. has expressed an interest in granting a franchise with respect to the Hotel, and that Marriott International, Inc. is the preferred Franchisor. Any Franchisor, other than Marriott International, Inc., shall be subject to the approval of Owner, which approval shall not be unreasonably withheld or conditioned.

Furniture and Equipment shall mean all furniture, furnishings, wall coverings, fixtures and hotel equipment and systems located at, or used in connection with the Conference Center, together with all replacements therefor and additions thereto, including, without limitation, (i) any and all equipment and systems required for the operation of kitchens, bars, laundry and dry cleaning facilities, (ii) office equipment, (iii) material handling equipment, cleaning and engineering equipment, (iv) telephone and computerized accounting systems and (v) any and all vehicles.

Gross Revenues shall mean all revenues, receipts and income of any kind derived directly or indirectly from or in connection with the Conference Center (including rentals or other payments from licensees or concessionaires), whether on a cash basis or credit, paid or collected, determined in accordance with generally accepted accounting principles and the Uniform System, excluding, however: (i) funds furnished by Owner or Operator, (ii) federal, state and municipal excise, sales and use taxes collected directly from patrons and guests or as part of the sales price of any foods, services or displays, such as gross receipts, admissions, cabaret or similar or equivalent taxes and paid over to federal, state or municipal governments, (iii) gratuities, and (iv) proceeds of insurance and condemnation.

Hotel shall mean the full-service hotel, having approximately three hundred (300) rooms to be developed by Developer on or about land adjacent to the Premises, to include guestrooms and suites, appropriate support facilities such as a restaurant(s), a lounge(s) or bar(s), supporting back-of-the-house areas, food preparation facilities, together with such other amenities and features characteristic of a full-service hotel.

Inventories shall mean "Inventories of Merchandise" and "Inventories of Supplies" as defined in the Uniform System, such as soap, toilet paper, stationery, writing pens, food and beverage inventories, paper products, menus, expendable office and kitchen supplies, fuel, expenses supplies and similar items.

Net Cash Flow shall mean the positive or negative difference, if any, between Gross Revenues for any calendar month and Operating Expenses, transfers to the CEP Reserve, Operator's Incentive Fee (as defined in the Fee and CEP Reserve Addendum) for such calendar month.

Operator shall mean Stormont Trice Management Corporation, a Georgia corporation.

Operator's Fee shall have the meaning ascribed to such term in Section 5.2.

Operating Expenses shall mean any and all expenses reasonably incurred by Operator in the operation and maintenance of the Conference Center including, without limitation, salaries and employee expense and taxes (including reasonable salaries, wages, bonuses and other compensation of all employees of the Conference Center and their social benefits which shall include, but not be limited to, life, medical and disability insurance and retirement benefits); expenditures for ordinary and non-structural repairs and maintenance necessary to maintain the Conference Center in good operating condition; expenditures for operational supplies, utilities, insurance, governmental fees and assessments, food, beverages, laundry service; the cost of inventories and fixed asset supplies, license fees; expenditures for advertising, marketing, reservation systems, federal, state and municipal excise, sales and use taxes, except those collected directly from guests and patrons or as part of the sales price of any goods, services or displays, such as gross receipts, admissions, cabaret or similar or equivalent taxes and paid over to federal, state or municipal governments; amounts paid into any capital, furniture, fixture, equipment or other reserve; management fees paid to the Operator and catering management fee to Operator; the cost of insurance; and rentals paid for furniture and equipment; (excluding, however, (i) capital expenditures by Owner, (ii) amortization expense and (iii) depreciation expense); all determined in accordance with sound accounting principles and the Uniform System. No part of Operator's central office overhead or general or administrative expense (as opposed to that of the Conference Center) shall be deemed to be a part of Operating Expenses. Out-of-pocket expenses of Operator incurred for the account of or in connection with the Conference Center operations, including reasonable travel expenses of employees, officers and other representatives and consultants of Operator and its affiliates, shall be deemed to be a part of Operating Expenses. Owner and Operator acknowledge and agree that expenses incurred for advertising, sales and marketing for the Hotel and the Conference Center, as an integrated project, shall be allocated equally between the Hotel and the Conference Center. In addition, general and administrative expenses for the Hotel and the Conference Center, considered as an integrated project, shall be prorated based upon Gross Revenues generated for each of the Hotel and the Conference Center.

Operating Term shall mean the term of this Agreement as established under Section 3.1.

Owner shall mean the City of Franklin, Tennessee, a corporate body politic and political subdivision of the State of Tennessee and Williamson County, a corporate body politic and political subdivision of the State of Tennessee, and their interests may appear.

Premises shall mean the tracts or parcels of land upon which the Conference Center will be located, as described on Exhibit "A" attached hereto, together with all rights, privileges, members, licenses and easements appurtenant to such tracts or parcels.

Reserve Addendum shall mean the Reserve Addendum attached hereto and by this reference made a part hereof.

Uniform System shall mean the Uniform System of Accounts for the Lodging Industry (9th Revised Edition, 1996) as published by the American Hotel/Motel Association, as the same may hereafter be revised.

Working Capital shall mean funds reasonably necessary, or anticipated to be necessary, for the day-to-day operation of the Conference Center's business, including, without limitation, amounts sufficient for the maintenance of change and petty cash funds, operating bank accounts, payrolls, accounts payable, accrued current liabilities, and funds required to maintain inventories.

1.2 Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all genders; the singular shall include the plural, and the plural shall include the singular. The Table of Contents, and titles of Articles, Sections, Subsections and Paragraphs in this Agreement are for convenience only and neither limit nor amplify the provisions of this Agreement, and all references in this Agreement to Articles, Sections, Subsections, paragraphs, clauses, subclauses, exhibits, addenda or riders shall refer to the corresponding Article, Section, Subsection, paragraph, clause or subclause of, or exhibit, addendum or order attached to this Agreement, unless specific reference is made to the articles, sections or other subdivisions of, or exhibits, addenda or riders to, another document or instrument.

1.3 Exhibits, Addenda and Riders. All exhibits, addenda and riders attached hereto are by reference made a part hereof.

## ARTICLE 2 ENGAGEMENT OF OPERATOR

2.1 Operation of Conference Center. Owner hereby authorizes and engages Operator to act as the exclusive operator and manager of the Conference Center during the Operating Term, with exclusive responsibility and complete and full control and discretion in the operation, direction, management and supervision of the Conference Center, subject only to the limitations expressed herein, and Operator hereby accepts such engagement subject to the terms and conditions expressed in this Agreement and agrees to perform in a commercially reasonable manner. The authority of Operator shall include the use of the Conference Center for public purposes, and without limiting the generality of the foregoing, Operator is hereby authorized, and

shall be obligated, to (subject to compliance with the then effective Annual Operating Projection):

(a) Subject to U.S. Internal Revenue Service requirements, determine all terms for admittance and charges for rooms, facilities, commercial space, if any, and other amenities and services provided at or with respect to the Conference Center;

(b) Determine all credit policies with respect to the operation of the Conference Center, including entering into policies and agreements with credit card organizations;

(c) Establish entertainment and amusement policies (including pricing) with respect to the Conference Center;

(d) Establish catering and food and beverage policies (including pricing) with respect to the Conference Center;

(e) Determine all labor policies, including wages and salary rates and terms, fringe benefits, pension, retirement, bonus and employee benefit plans, collective bargaining agreements and the hiring or discharge of all employees, with respect to the Conference Center;

(f) Arrange for utility, telephone, extermination, detective agency protection, trash removal and other services for the operation of the Conference Center;

(g) Establish all advertising, public relations and promotional policies with respect to the Conference Center, including the exclusive control over all paid advertising, press releases and conferences and complimentary policies;

(h) Purchase all Inventories and all necessary or desirable additions to and replacements of Fixed Asset Supplies, Furniture and Equipment and such other services and merchandise as are necessary for the proper operation of the Conference Center;

(i) Enter into such concession agreements and other undertakings as Operator shall from time to time consider appropriate for the operation of the Conference Center;

(j) Hire such persons or organizations as Operator may deem necessary to provide advice with respect to Operator's performance hereunder, including attorneys, accountants and other professionals and specialists;

(k) Cause all needed repairs and maintenance to be made to the Conference Center and cause all such other things to be done in or about the Conference Center as shall be necessary to comply with all requirements of governmental authority, boards of fire underwriters and other bodies exercising similar functions;

(l) Establish and maintain a security plan for the Conference Center; and

(m) Institute and defend such proceedings at law or in equity in the name of Operator, utilizing counsel selected by Operator, which Operator shall deem reasonably necessary or proper in connection with the routine operation of the Conference Center, including the institution of dispossessory, eviction and trespass suits and proceedings for the collection of rents and other amounts due for services rendered, property let or merchandise sold.

2.2 Employees of the Conference Center. Operator shall have the sole right to select, appoint and supervise such personnel as Operator may deem necessary or desirable for the proper operation, maintenance and security of the Conference Center, and all personnel of the Conference Center shall be employees of Operator and the terms of their employment and all hiring and firing thereof shall be at the sole discretion of Operator.

2.3 Limitations on Authority. Operator shall not, without Owner's Approval:

(a) Enter into any lease, license or concession agreement for conference facilities, office space or tenant or lobby space at the Conference Center unless the term is one (1) year or less; or

(b) Purchase goods, supplies and services from itself or an Affiliate unless the prices and terms thereof are competitive with those obtainable from unrelated vendors or are the subject of competitive bidding.

2.4 Name. During the term of this Agreement, the Conference Center shall at all times be known and designated by such name as from time to time may be Approved by Owner and Operator. Operator shall make or cause to be made any fictitious name filings or disclosures required by the laws of the State of Tennessee with respect to the use of such name for or in connection with the Conference Center.

2.5 Operation at Owner's Expense. All expenses incurred by Operator in performing its duties hereunder shall be borne by Owner. To the extent the funds necessary therefor are not generated by the operation of the Conference Center, they shall be supplied by Owner to Operator. Operator shall in no event be required to advance any of its own funds for the operation of the Conference Center, nor to incur any liability in connection therewith unless Owner shall have furnished Operator with funds necessary for the discharge thereof. If Operator shall at its sole option at any time advance any funds in payment of Operating Expenses or any other expenditure, which Operator shall have the right but not the obligation to do, Owner shall repay Operator immediately the amount thereof on demand, with interest at 2% over the prime rate of interest in effect from time to time as announced by Wachovia Bank of Georgia, N.A., or any successor thereto or other major national bank described by Operator if such bank ceases to announce a prime rate. Any amounts thus advanced and expended by Operator shall be Operating Expenses, but the amounts paid by Owner in reimbursement to Operator shall not.

2.6 Standards of Operation. Operator agrees that the Conference Center shall at all times maintain the quality required by the Franchisor and that attendant to a first-class conference centers with respect to the type, quality and service of food and beverages; employee appearance, training and supervision; quality of silverware, tableware and glassware; and quality of maintenance and repair. Operator agrees to conduct the management and operation of the Conference Center at all times with good faith, integrity and in a manner that is in the best interest of the Conference Center and consistent with the terms of this Agreement.

2.7 Catering Services to Conference Center. Any and all catering services required for functions conducted within the Conference Center shall be provided pursuant to the terms, conditions and provisions of that certain Catering Agreement for the Conference Center at Cool Springs, of even date herewith, by and between Owner and Stormont Trice Corporation, a Georgia corporation, its successors and assigns.

### ARTICLE 3 OPERATING TERM; EXTENSION; TERMINATION

3.1 Operating Term. The Operating Term shall commence on the Commencement Date and shall continue thereafter for a period of fifteen (15) years, subject to early termination as provided in Section 3.2 hereof (such term being herein referred to as the "Operating Term").

3.2 Termination. This Agreement may be terminated prior to the expiration of the then effective Operating Term upon the occurrence of one or more of the following events:

(a) Upon any Event of Default, at the option of the non-defaulting party exercised by written notice to the defaulting party prior to the cure of such Event of Default.

(b) At the option of Operator exercised by written notice to Owner in the event of any suspension for a period in excess of ninety (90) days or withdrawal or revocation of any material governmental license or permit required for Operator's performance under this Agreement or the operation of the Conference Center (or any portion thereof) in accordance with the terms hereof, but only if such suspension, withdrawal or revocation is due to circumstances beyond Operator's reasonable control.

(c) Upon (i) any damage to or destruction of all or any part of the Conference Center or the means of vehicular access thereto by fire, casualty or other cause or any condemnation or other taking of all or any part of the Conference Center and (ii) which is not required to be repaired or restored by Owner pursuant to Article 10, at the option of either Owner or Operator by written notice to the other given within sixty (60) days of the date of such damage, or destruction or condemnation or other taking; provided, however, that no termination by Owner shall be effective (and if previously given, may be nullified at the election of Operator) if Owner, at any time within one (1) year after the occurrence of such damage or destruction or

condemnation or other taking has commenced to restore or repair the Conference Center for use as a first-class conference center with facilities comparable to those damaged or destroyed, even if substantial changes are made to the physical structure of same. It is understood that the failure of Owner to repair or restore when required to do so under Article 10 may become an Event of Default, also allowing for the termination thereof.

**3.3 Transition Procedures.** Upon the expiration or termination of the Operating Term, for whatever reason, Owner and Operator shall do the following (and the provisions of this Section 3.3 shall survive the expiration or termination of this Agreement until they have been fully performed).

**3.3.1. Licenses.** Operator shall execute all documents and instruments necessary to transfer (if transferable) to Owner or its nominee all governmental permits and licenses held by Operator necessary to operate the Conference Center.

**3.3.2 Leases and Concessions.** Operator shall assign to Owner or its nominee, and Owner and its nominee, if any, shall assume, all leases and concession agreements in effect with respect to the Conference Center then in Operator's, rather than Owner's, name, except for blanket concessions affecting other facilities operated by Operator or its Affiliates.

**3.3.3 Books and Records.** All books and records for the Conference Center kept by Operator pursuant to Section 4.3 shall be turned over to Owner so as to insure the orderly continuance of the operation of the Conference Center, but such books and records shall thereafter be available to Operator at all reasonable times for inspection, audit, examination and transcription for a period of seven (7) years and Operator may retain any copies or computer records thereof which it desires.

**3.3.4 Remittance.** Operator shall remit to Owner from the Agency Account and the CEP Reserve all funds remaining, if any, after payment of all accrued Operating Expenses, Fees and other amounts due Operator.

#### **ARTICLE 4 BUDGETARY, PLANNING AND ACCOUNTING PROCESSES**

**4.1 Annual Operating Projection.** Not later than sixty (60) days prior to the commencement of each Fiscal Year, Operator shall submit the Annual Operating Projection to Owner for Owner's Approval. The Annual Operating Projection shall contain the following:

(a) Operator's reasonable estimate of Gross Revenues and Operating Expenses for the forthcoming Fiscal Year, as the same may be revised or replaced from time to time by Operator, together with the assumptions, in narrative form, forming the basis of such schedules.



(b) An estimate of the amounts to be dedicated to the CEP Reserve and an estimate of all anticipated expenditures to be made from the CEP Reserve during the forthcoming Fiscal Year.

(c) An estimate of any amounts Owner will be required to provide as Working Capital or to expend to meet Owner's financial obligations under Articles 7 and 8 and Section 9.1 hereof.

4.2 Approval. Owner and Operator shall negotiate in good faith prior to the commencement of such Fiscal Year. If unable to agree and until an agreement is reached, the Conference Center shall be operated on the basis of the last Approved Annual Operating Projection, with the following modifications:

4.2.1 Expenses. Total Operating Expenses may be increased, at Operator's option, by an amount equal to the percentage increase, if any, in the Consumer Price Index from the first (1st) day of the preceding Fiscal Year through the last day of the preceding Fiscal Year, with the further right to decrease or eliminate any specific category of Operating Expenses.

4.2.2 CEP Reserve. Operator shall have the right to expend from the CEP Reserve the entire amount to be dedicated thereto during such ensuing Fiscal Year so long as the fundamental character of the Conference Center's structure and Furniture and Equipment are not altered.

4.3 Books and Records. Operator shall keep full and adequate books of account and other records reflecting the results with the Uniform System and generally accepted accounting principles. Except as expressly provided in this Agreement otherwise, such books of account and other records shall reflect allocations of expense as between the Conference Center and the Hotel on a fair and equitable basis, including, without limitation, food and beverage management wages, administrative and general costs, credit card commissions, advertising and sales, and repairs and maintenance. Such books of account and other records shall likewise reflect separate income and expense statements for the Conference Center and the Hotel. The books of account and all other records relating to or reflecting the operation of the Conference Center shall be kept either at the Conference Center or at the Hotel, and shall be available to Owner and its representatives and its auditors or accountants, at all reasonable times for examination, audit, inspection and transcription. All of such books and records pertaining to the Conference Center at all times shall be the property of Owner and shall not be removed from the Conference Center or Operator's offices by Operator without Owner's Approval.

4.4 Accounting. Operator shall deliver to Owner within twenty (20) days after the end of each Accounting Period an interim accounting showing the results of the operation of the Conference Center for such Accounting Period, for the Fiscal Year to date and a computation of Gross Revenues and Operating Expenses. Such interim accounting and the annual accounting referred to below shall: (i) be in form Approved by Owner; (ii) be taken from the books and

records maintained by Operator for the Conference Center in the manner hereinabove specified; (iii) follow the general form set forth in the Uniform System, allowing for deviations which are necessary in order to comply with this Agreement; (iv) separately state the amount of Fees and any other amounts payable or expenses reimbursable to Operator or its Affiliates; and (v) be accompanied by an explanatory report. Within one hundred twenty (120) days after the end of each Fiscal Year, Operator shall deliver to Owner an annual accounting, audited and certified by a nationally recognized firm of certified public accountants (if requested by Owner prior to the end of such Fiscal Year) having conference center accounting experience selected by Operator after Approval by Owner, showing the results of Revenues and Operating Expenses, and any other information necessary to make the computations required hereby or which may be requested by Owner, all for such Fiscal Year. If the Owner does not present objections to the certified statements within one hundred eighty (180) days following receipt of Owner, such certified statements shall be deemed correct and conclusive for all purposes. The cost and expense of such certified statements shall be borne exclusively by Owner. The annual accounting for any Fiscal Year shall be controlling over the interim accountings for such Fiscal Year.

4.5 Sales and Marketing Plans. Not later than sixty (60) days prior to the commencement of each Fiscal Year, Operator shall submit to Owner for its review Operator's Sales and Marketing Plans for the Conference Center during such forthcoming Fiscal Year. Operator shall exercise diligent, commercially reasonable efforts to implement such plans during such year, subject to the availability of sufficient funds to pay the cost thereof.

## ARTICLE 5 REVENUES AND EXPENSES

5.1 Agency Account. Gross Revenues and additional funds supplied by Owner for Working Capital or other purposes, exclusive of funds deposited in the CEP Reserve, shall be deposited in the Agency Account. The Agency Account shall be opened and maintained at all times solely by Operator and checks or other documents of withdrawal therefrom shall be signed only by representatives of Operator. Developer agrees that funds in the Agency Account will be deposited with a bank that participates in the State of Tennessee "collateral pool," pursuant to T.C.A. §6-56-110 and 9-4-104, and further to notify any bank into which funds are deposited that all funds are municipal funds. All risk of loss with respect to funds in the Agency Account shall be borne by Owner except if and to the extent caused by Operator's fraud, negligence or willful misconduct.

5.2 Operator's Fee. In consideration of Operator's performance hereunder, Owner shall pay to Operator the Operator's Fee. For purposes of this Agreement, the "Operator's Fee" shall be Fifty Thousand and No/100 Dollars (\$50,000.00) per year for the first partial Fiscal Year (prorated based upon the number of days in such partial Fiscal Year) and each full Fiscal Year thereafter. The Operator's Fee shall be increased to One Hundred Twenty-Five Thousand and

No/100 (\$125,000.00) commencing with the first Fiscal Year after the Gross Revenues exceed Three Million and No/100 Dollars (\$3,000,000.00) for two consecutive Fiscal Years and continuing with such amount for each Fiscal Year thereafter. The Operator's Fee shall escalate on a Fiscal Year basis at a rate equal to the greater of (i) three percent (3.0%) per year or (ii) the Consumer Price Index increase with respect to the prior Fiscal Year. Payment of the Operator's Fee shall be made in thirteen (13) equal installments. Operator is authorized to disburse to itself from the Agency Account the amounts owing as Fees.

5.3 Working Capital. Operator shall be entitled to use all funds in the Agency Account for the payment of Operating Expenses and any and all other costs and taxes incurred in operating the Conference Center as provided in the Annual Operating Projection or as required by law, such as excise, sales and use taxes. In addition, Operator shall be entitled to retain in the Agency Account sufficient Working Capital to service the cash needs of the operation of the Conference Center. If, however, at any time there are insufficient funds in the Agency Account to pay such Operating Expenses or if Operator reasonably foresees that such a deficit will occur (taking into account the withdrawal of funds from the Agency Account which will occur to pay Fees and to fund the CEP Reserve), Owner, (i) within five (5) days after written notice from Operator, (ii) within five (5) days after the effectuation of any requisite governmental appropriation (in the event required funds exceed those set forth in the Annual Operating Projection), or (iii) at the times provided in the Approved Annual Operating Projection, shall pay to Operator for deposit in the Agency Account sufficient Working Capital to pay such deficit and restore sufficient Working Capital in the Agency Account to insure the uninterrupted and efficient operation of the Conference Center for the foreseeable future. Within fifteen (15) days prior to the Commencement Date, Owner shall deposit into the Agency Account the sum of One Hundred Thousand and No/100 Dollars (\$100,000.00) as the initial amount of Working Capital for the Conference Center. Anything set forth herein to the contrary notwithstanding, Owner and Operator mutually acknowledge that Owner intends that future governing bodies of the City and the County from time to time, as part of their annual budgeting process, will budget and appropriate, as required at the cost and expense of the City, funds to maintain the Conference Center at a quality level and style that is comparable and consistent with industry and Franchisor standards. It is therefore mutually acknowledged by Owner and Operator that the provision of such funds is subject to appropriation by future legislative bodies of the City and the County.

5.4 CEP Reserve. On or before the twentieth (20th) day of each Accounting Period, Operator shall transfer into the CEP Reserve the percentage of Gross Revenues provided for in the CEP Reserve Addendum for the immediately preceding Accounting Period (or such greater amount as has been Approved in the Annual Operating Projection for the then current Fiscal Year). The proceeds from the sale of Furniture and Equipment no longer needed for the operation of the Conference Center shall also be deposited in the CEP Reserve and credited against the amount required to be deposited thereto. At the end of each Fiscal Year, any amounts remaining in the CEP Reserve shall be carried forward to the next Fiscal Year and shall be in addition to the amount to be reserved in the next Fiscal Year. In the event at any time there are insufficient funds in the reserve for any Fiscal Year, then Owner shall, (i) within five (5) days

after request therefor by Operator or (ii) within five (5) days after the effectuation of any requisite governmental appropriation (in the event acquired funds exceed those set forth in the Annual Operating Projection), provide the additional cash to the Operator to fund the CEP Reserve in such amounts as are provided in the Annual Operating Projection. The CEP Reserve shall be opened and maintained at all times solely by Operator and checks or other documents of withdrawal therefrom shall be signed only by authorized representatives of Operator. All risk of loss with respect to funds in the CEP Reserve shall be borne by Owner, except if and to the extent caused by Operator's fraud, negligence or willful misconduct.

5.5 Remittance to Owner or Operator. Within twenty (20) days following the end of each Accounting Period, Operator shall remit to Owner the positive Net Cash Flow (less Working Capital) earned during the preceding calendar month. Within ten (10) days following the end of the each Accounting Period, Owner shall remit to Operator an amount equal to the negative Net Cash Flow resulting from operations during the preceding calendar month, subject to such time period as may be required with respect to any requisite appropriation of funds.

5.6 Annual Adjustments. At the end of each Fiscal Year following the rendition of the annual certified statement of operations, Owner and Operator shall promptly (and in all events within thirty (30) days after rendition of such statement) make such adjustments as necessary to insure that the proper amounts have been (1) paid as Operator's Fee and (2) deposited in the CEP Reserve.

5.7 Investments. Operator shall be entitled to temporarily invest funds in the Agency Account and the CEP Reserve in any investment permitted by Tennessee law for state or local government funds, with due regard for the cash needs of the Conference Center. Amounts earned as investments from the Agency Account and the CEP Reserve account shall constitute Gross Revenues. Operator may periodically (or in connection with Approval of the Annual Operating Projection) request Approval from Owner of permitted investment mediums for this purpose; except as to investment mediums specifically disapproved in writing by Owner within fifteen (15) days after Operator's request for Approval, all risk of loss from such investments shall be borne by Owner. The foregoing to the contrary notwithstanding, but subject to the provisions of the first sentence of this Section 5.7, Operator shall be entitled to cause funds in the Agency Account and the CEP Reserve to be invested, without the Approval of Owner, in savings accounts, certificates of deposit, United States Treasury obligations, commercial paper, "money market" funds, or investment instruments of equal or lesser risk; provided, however, that the form of any such investment shall be consistent with Operator's need to be able to liquidate any such investment to meet the cash needs of the Conference Center.

**ARTICLE 6**  
**USE OF CEP RESERVE**

The funds in the CEP Reserve shall be utilized by Operator for purposes approved in the Annual Operating Projection from time to time and for the following purposes:

6.1 Replacement of Furniture and Equipment. Operator shall make such expenditures from the CEP Reserve and substitutions of and replacement or additions to Furniture and Equipment as it may deem necessary.

6.2 Certain Non-Routine Repairs and Maintenance. Operator shall have the right to make expenditures from the CEP Reserve for certain non-routine repairs and maintenance to the Conference Center which are normally capitalized under generally accepted accounting principles such as exterior and interior repainting, resurfacing building walls, floors, roofs and parking areas, and replacing folding walls or the like, but which are not major repairs, alterations, improvements, renewals or replacements to the Conference Center buildings' structure or to its mechanical, electrical, heating, ventilating, air conditioning, plumbing or vertical transportation systems.

6.3 Alterations, Additions and Improvements. Operator shall have the right to make expenditures from the CEP Reserve for such alterations, additions or improvements in or to the Conference Center which are made in the operation of first class conference center, provided, however, no alterations, additions or improvements involving a fundamental change in the character of the Conference Center shall be made without Owner's Approval.

6.4 Minor Structural Repairs and Improvements. Operator shall have the right to make expenditures from the CEP Reserve for structural repairs and minor capital improvements to the Conference Center (exclusive of Furniture and Equipment) in any year in order to maintain the Conference as a first-class conference center.

6.5 Ordinary and Non-Structural Repairs and Maintenance. Operator shall, from time to time, make such expenditures from Gross Revenues or from the CEP Reserve for ordinary and non-structural repairs and maintenance as required by applicable laws and regulations or as it reasonably deems necessary to maintain the Conference Center in good operating condition. If any such repairs or maintenance shall be made necessary by any condition against the occurrence of which Owner has received the guaranty or warranty of the buildings of the Conference Center or of any supplier of labor or materials for the construction of the Conference Center, then Operator may invoke said guarantees or warranties in Owner's or Operator's name and Owner will cooperate with Operator in the enforcement thereof.

6.6 Public Bidding for Goods and Services. To the extent that public advertising and bidding are legally required for the procurement of Furniture and Equipment, the provision of repair and maintenance services, or the provision of services for alterations, additions or

improvements in or to the Conference Center, all is contemplated by this Article 6, Operator shall cause procurement of same through public advertising and bidding processes.

#### ARTICLE 7 OWNER'S CAPITAL OBLIGATIONS

Subject to the possible limitations contemplated in Section 5.3 hereof, Owner shall from time to time at its sole expense make such alterations, additions, improvements, repairs and replacements in or to the Conference Center as Owner and Operator shall Approve or as may be necessary to comply with any applicable law or regulation, or to maintain the Conference Center as a first- class conference center, and same shall be made with as little hindrance to the operation of the Conference Center as possible. Owner shall use its best efforts to prevent any liens from being filed against the Conference Center which arise from any such work and, if any such liens are filed, shall promptly obtain the release thereof.

#### ARTICLE 8 INSURANCE

8.1 Owner's Insurance. Throughout the Operating Term, Owner shall insure the Conference Center and all Furniture and Equipment and Fixed Assets Supplies against damage from risks of all nature (including, without limitation, earthquake and flood [with sublimits Approved by Owner and Operator], boiler and machinery insurance, but excluding, at Owner's discretion, damage resulting from war, nuclear energy, and wear and tear) in aggregate amounts which shall be not less than one hundred percent (100%) of the estimated replacement cost thereof (exclusive of foundations and footings). Owner shall carry such other or additional insurance in such amounts and against such risks as Owner shall reasonable deem necessary with respect to the buildings, facilities and contents of the Conference Center. Operator may procure all insurance required of Owner pursuant to this Section 8.1 for the benefit of Owner and all designated insured parties and the terms of all such policies of insurance, shall be Approved by Owner.

8.2 Operator's Insurance. Subject to availability and reasonable premium limitations, Operator shall throughout the Operating Term provide and maintain, with the cost to be charged to Owner as a part of Operating Expenses:

(a) Comprehensive general public liability insurance in amounts satisfactory to Owner and Franchisor, but in any event not less than \$50,000,000 for each occurrence, for personal injury and death, and property damage, which shall, among other risks, include coverage against liability arising out of the ownership or operation of motor vehicles, as well as coverage in such amount against all claims brought anywhere in the world arising out of alleged (i) bodily injury, (ii) death, (iii) property damage, (iv) assault or battery, (v) false arrest, detention or

imprisonment of malicious prosecution, (vi) libel, slander, defamation or violation of the right of privacy, (vii) wrongful entry or eviction, or (viii) liquor law or dram shop liability;

(b) Worker's compensation insurance or insurance required by similar employee benefit acts as well as insurance having a minimum per occurrence limit as Operator may deem advisable against all claims which may be brought for personal injury or death of Conference Center employees, but in no event less than amounts prescribed by applicable law;

(c) Fidelity insurance, with reasonable limits and deductibles to be determined by Operator, covering Operator's employees in job classifications normally bonded in other facilities it manages in the United States or otherwise required by law, and/or comprehensive crime insurance to the extent that Operator deems such to be necessary for the Conference Center, and

(d) Business interruption insurance covering loss of income to both Owner and Operator for a minimum period of eighteen (18) months resulting from interruption of business caused by the occurrence of any of the risks insured against under the property damage insurance referred to in Section 8.1.

To the extent any of the foregoing insurance is unavailable or is available at premiums deemed to be unreasonable by Operator, Operator shall consult with Owner regarding alternative means of risk management or premium payment with respect to such insurance.

Owner may require Operator to increase the limits of the above insurance coverage and may require Operator to carry other or additional insurance, but all premiums therefor shall be paid by Owner directly in advance and shall not be included in Operating Expenses. In addition, Owner may procure such additional insurance as Owner deems necessary or appropriate with respect to the Conference Center and the operation thereof, and Operator may procure such additional insurance as is reasonable and customary for insurable risks regarding conference centers comparable to the Conference Center, and the operation thereof.

**8.3 Form of Policies.** All insurance required by Sections 8.1 and 8.2 shall be in such form and with such companies as shall be reasonable satisfactory to Owner and Operator. Any insurance may be provided under blanket policies of insurance. All property damage insurance maintained by Owner or Operator pursuant to Section 8.1 shall name Owner and Operator as an additional insured, as its interests may appear. All other insurance shall be in the name of Owner and Operator as additional insured parties. If available, all policies of insurance shall provide that (i) the insurance company will have no right of subrogation against Owner, Operator or any of their respective Affiliates or the agents or employees thereof, and (ii) that the proceeds thereof in the event of loss or damage shall be payable notwithstanding any act of negligence or breach of warranty by Owner or Operator which might otherwise result in the forfeiture or non-payment of such insurance proceeds.

8.4 Insurance Proceeds. Owner and Operator shall be required to repair or restore the Conference Center after an insurable casualty, all proceeds of property damage insurance required to be maintained by Owner under Section 8.1 when and if collected shall be deposited in a trust account in a bank or trust company Approved by Operator and Owner, and such insurance proceeds shall be used to the extent necessary for the restoration or reconstruction of the Conference Center and any other improvement or improvements on the Premises, together with replacing any Furniture and Equipment and Fixed Asset Supplies required in the operation of the Conference Center, all such proceeds being pledged and dedicated by the parties for that purpose. Any surplus proceeds remaining after completion of such work and replacement shall, after deducting any amounts then due and payable by Owner to Operator or with respect to the Conference Center as required by this Agreement, be disbursed to Owner.

8.5 Certificates. Certificates of all policies shall be delivered to the party hereunder who is not required to purchase the insurance prior to the Commencement Date and thereafter certificates of renewal shall be so delivered prior to the expiration date of such policies. All such certificates shall specify that the policies to which they relate cannot be cancelled or modified on less than thirty (30) days' prior written notice to such other party.

#### ARTICLE 9 TAXES AND UTILITIES

9.1 Taxes. To the extent funds are available from Gross Revenues or from Owner, Operator shall pay on behalf of Owner and as an "Operating Expense," prior to delinquency, any and all real estate taxes, all personal property taxes and all betterment assessments, if any, levied against the Conference Center or any of its component parts. Operator shall promptly deliver to Owner all notices of assessments, valuations and similar documents to be filed by Operator or Owner or which are received from taxing authorities by Operator. Notwithstanding the foregoing obligations of Operator, Operator may, at Owner's sole expense, contest the validity or the amount of any such tax or assessment, provided that such contest does not materially jeopardize Operator's or Owner's rights under this Agreement. Owner agrees to cooperate with Operator and execute any documents or pleadings required for such purpose, but Owner shall reimburse Operator any such out-of-pocket costs incurred by Operator in so doing.

9.2 Utilities. Operator shall promptly pay on behalf of Owner and as an "Operating Expense" all fuel, gas, light, power, water, sewage, garbage disposal, telephone and other utility bills currently as they are incurred in connection with the Conference Center from Gross Revenues or Working Capital.



**ARTICLE 10**  
**DAMAGE OR DESTRUCTION; CONDEMNATION**

10.1 Damage or Destruction. If the Conference Center, or any portion thereof, shall be damaged or destroyed at any time or times during the Operating Term by fire, casualty or any other cause, Owner will, at its own cost and expense and with due diligence, repair, rebuild or replace the same so that after such repairing, rebuilding, or replacing, the Conference Center, shall be substantially the same as prior to such damage or destruction. Owner shall undertake such work within ninety (90) days after the occurrence of such damage or destruction, and shall complete the same diligently. Notwithstanding the foregoing, if the Conference Center or any material portion thereof is damaged or destroyed to such an extent that the cost of repairs or restoration as reasonably estimated by Owner exceeds one-third of the original cost of the Conference Center or such portion, Owner shall have no obligation to repair, rebuild or replace the Conference Center.

10.2 Condemnation. If only a part of the Conference Center shall be taken or condemned in any eminent domain, condemnation, compulsory acquisition or like proceeding by any competent authority, and in the reasonable opinion of Owner, the Conference Center can be altered, restored or repaired so as to make it a satisfactory architectural unit as a hotel of similar type and class as prior to the taking or condemnation, Owner shall so alter, restore and replace if the proceeds of such condemnation will be sufficient to pay for the costs of same. Such work shall be commenced within ninety (90) days after such proceeds become available and shall be diligently pursued to completion; the procedures contained in the Development Agreement shall govern such work to the extent applicable.

**ARTICLE 11**  
**EVENTS OF DEFAULT; REMEDIES**

The occurrence of any of the following events shall constitute an event of default ("Event of Default") hereunder on the part of the party with respect to whom such event occurs:

11.1 Non-Payment. The failure of either party to pay any sum of money to the other party when due and payable, if such failure is not cured within ten (10) days after written notice specifying such failure is received by the defaulting party from the non-defaulting party.

11.2 Other Covenants. The failure of either party to perform, keep or fulfill any of the other covenants, undertakings or obligations set forth in this Agreement if such failure has or could have a material adverse affect on the operation of the Conference Center or the rights and duties of either party hereto, if such failure is not cured within thirty (30) days after written notice specifying such failure is received by the defaulting party from the non-defaulting party; provided, however, that if such failure is incapable of cure within such period, and the defaulting party commences to cure such default during such period and thereafter prosecutes such cure to

completion with all due diligence, then no Event of Default shall exist unless such failure remains uncured after one hundred twenty (120) days after receipt of such notice.

11.3 Breach of Warranty. Any warranty or representation made herein or in any document executed in connection herewith is breached in any material respect.

11.4 Bankruptcy. The filing by Owner or Operator of a voluntary petition in bankruptcy under Title 11 of the United States Code, or the issuing of an order for relief against Owner or Operator under Title 11 of the United States Code, or the filing by Owner or Operator of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or Owner's or Operator's seeking or consenting to or acquiescing in the appointment of any custodian, trustee, receiver, conservator or liquidator of Owner or of all or any substantial part of the Conference Center or of any or all of the rents, issues, profits, revenues or royalties therefor, or the making by Owner or Operator of any general assignment for the benefit of creditors, or Owner's or Operator's failure generally to pay its debts as such debts become due, or Owner's or Operator's giving of notice to any governmental body of insolvency or pending insolvency or suspension of operations; or the entry by a court of competent jurisdiction of an order, judgment or decree approving a petition filed against Owner or Operator seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, which order, judgment or decree remains unvacated and unstayed for an aggregate of ninety (90) days (whether or not consecutive) from the date of entry thereof, or the appointment of any custodian, trustee, receiver, conservator or liquidator of Owner or of all or any substantial part of the Premises or of any of all of the rents, issues, profits, revenues or royalties thereof without the consent or acquiescence of Owner, which appointment shall remain unvacated and unstayed for an aggregate of ninety (90) days (whether of not consecutive).

Upon the occurrence of an Event of Default (in which case the non-defaulting party may also terminate this Agreement as provided in Section 3.2), the non-defaulting party may pursue any and all remedies available to it at law or in equity. In addition, in the event of a failure by a party to perform, keep or fulfill any covenant, undertaking or obligation which would have been an Event of Default but for the lack of materiality (as such concept is stated in Section 11.2) of such default, the non-defaulting party shall have all remedies available at law or in equity except the termination hereof.

**ARTICLE 12**  
**TRANSFER RESTRICTIONS**

12.1 Assignment by Operator. Except as set forth below, Operator shall not assign its rights or delegate its obligations under this Agreement without the Approval of Owner. Operator shall have the right to assign its rights and delegate its obligations under this Agreement to Stormont Trice Corporation, a Georgia corporation, or to any entity (i) controlled by or under the common control with Stormont Trice Corporation or Operator and through which Richard M. Stormont, James M. Stormont, Jr. or Donald R. Trice controls the management and operation of the Conference Center or the Hotel, (ii) who acquires a controlling beneficial interest in the owner of the Hotel, Stormont Trice Corporation or Operator, so long as Richard M. Stormont, James M. Stormont, Jr. or Donald R. Trice remain substantially involved in the day-to-day management and operation of the Conference Center or the Hotel, (iii) who owns or becomes the owner of the Hotel, or (iv) who becomes the manager or operator of the Hotel (each a "Permitted Assignee"), and who: (a) assumes in writing Operator's obligations under this Agreement and (b) has sufficient experience and financial ability to carry out satisfactorily its duties as Operator under this Agreement; provided, however, to the extent any such assignment requires the consent of the Franchisor under the Franchise Agreement, the procurement of such consent shall constitute a condition to any such assignment by Operator of its rights under this Agreement. In the event of an assignment to a Permitted Assignee, the assigning Operator's liability hereunder shall terminate upon such assignment, but in the event of any assignment to Stormont Trice Corporation, Operator shall continue to be liable under this Agreement to the same extent as though such assignment had not been made. In addition to the foregoing, Operator may assign its right to receive fees or portions thereof to any person or entity as security for indebtedness.

**ARTICLE 13**  
**MISCELLANEOUS**

13.1 Further Assurances. Owner and Operator shall execute and deliver all other appropriate supplemental agreements and other instruments, and take any other action necessary to make this Agreement fully and legally effective, binding and enforceable as between them and as against third parties.

13.2 Waiver. The waiver of any of the terms and conditions of this Agreement on any occasion or occasions shall not be deemed a waiver of such terms and conditions on any future occasion.

13.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Owner, its successors and permitted assigns, and shall be binding upon and inure to the benefit of Operator, its successors and permitted assigns.

13.4 Governing Law. This Agreement shall be governed by the laws of the State of Tennessee.

13.5 Amendments. This Agreement may not be modified, amended, surrendered or changed, except by a written instrument executed by Owner and Operator.

13.6 Estoppel Certificates. Owner and Operator agree, at any time and from time to time, as requested by the other party upon not less than ten (10) days prior written notice, to execute and deliver to the other a statement certifying that this Agreement is unmodified and in full force and effect (or if there have been modifications, that this Agreement is in full force and effect as modified and stating the modifications), certifying the dates to which required payments have been paid, and stating whether or not, to the best knowledge of the signer, the other party is in default in performance of any of its obligations under this Agreement, and if so, specifying each such default of which the signer may have knowledge, it being intended that any such statement delivered pursuant hereto may be relied upon by others with whom the party requesting such certificate may be dealing.

13.7 Inspection Rights. Owner shall have the right to inspect the Conference Center and examine the books and records of Operator pertaining to the Conference Center at all reasonable times during the Operating Term upon reasonable notice to Operator, and Owner shall have access to the Conference Center and the books and records pertaining thereto at all times during the Operating Term, all to the extent consistent with applicable law and regulations and the rights of guests, tenants and concessionaires of the Conference Center.

13.8 Effect of Approval of Plans and Specifications, Budgets and Financing. Owner and Operator agree that in each instance in this Agreement or elsewhere wherein Operator is required to give its approval of plans, specifications, budgets and/or financing, no such approval shall imply or be deemed to constitute an opinion of Operator, nor impose upon Operator any responsibility for the design or construction of the Conference Center, including but not limited to structural integrity or life/safety requirements or adequacy of budgets and/or financing.

13.9 Owner Indemnification. Owner hereby indemnifies Operator, its affiliates, officers, directors, agents and employees, from and against any and all loss, cost, liability, claim, damage, demand or expense (including, without limitation, attorneys' fees and litigation expenses) which any such indemnified entity may incur or sustain as a result of the negligence of Owner arising out of or resulting from this Agreement; provided, however, such indemnification shall be subject to, and strictly limited by, the Tennessee Governmental Tort Liability Act. This indemnity shall survive the expiration and termination of this Agreement.

13.10 Operator's Indemnification. To the extent of available insurance proceeds associated with the liabilities and losses described below, Operator shall hold harmless, indemnify and defend Owner, and its respective agents, employees, officers, directors and shareholders, from and against all claims, damages, losses and expenses (including, but not

limited to, attorneys' fees for pre-trial, trial and appellate proceedings) arising out of or resulting from Operator's gross negligence, fraud or willful misconduct. This indemnity shall survive the expiration and termination of this Agreement.

13.11 Indemnification Procedure. Upon the occurrence of an event giving rise to indemnification, the party seeking indemnification shall notify the other party hereto and provide the other party hereto with copies of any documents reflecting the claim, damage, loss or expense. The party seeking indemnification is entitled to engage such attorneys and other persons to defend against the claim, damage, loss or expense, as it may choose. The party providing indemnification shall pay the reasonable charges and expenses of such attorneys and other persons on a current basis within twenty (20) days of submission of invoices or bills. In the event Owner neglects or refuses to pay such charges, Operator may pay such charges out of the Agency Account and deduct such charges from any amounts due Owner or add such charges to any amounts due Operator from Owner. If any claim, lawsuit or action (administrative or judicial) is maintained against Operator, Owner or the Conference Center due to allegations or actions arising prior to the Operating Term, Owner shall bear full and complete responsibility for the defense of the Conference Center, the Owner, the Operator, specifically including all legal fees and necessary and attendant expenses for the vigorous defense and representation of the interests of the Operator (for pre-trial, trial and appellate proceedings), the Conference Center and the Owner. Owner shall support and pay for all legal fees and representations necessary to remove Operator from any claim, action (administrative or judicial), or lawsuit covered by this provision.

13.12 Partial Invalidity. In the event that any one or more of the phrases, sentences, clauses or paragraphs contained in this Agreement shall be declared invalid by the final and unappealable order, decree or judgment of any court, this Agreement shall be construed as if such phrases, sentences, clauses or paragraphs had not been inserted, unless such construction would substantially destroy the benefit of the bargain of this Agreement to either of the parties hereto.

13.13 No Representation. In entering into this Agreement, Operator and Owner acknowledge that neither Owner nor Operator have made any representation to the other regarding projected earnings, the possibility of future success or any other similar matter respecting the Conference Center, and that Operator and Owner understand that no guarantee is made to the other as to any specific amount of income to be received by Operator or Owner or as to the future financial success of the Conference Center.

13.14 Relationship. In the performance of this Agreement, Operator shall act solely as an independent contractor. Neither this Agreement nor any agreements, instruments, documents or transactions contemplated hereby shall in any respect be interpreted, deemed or construed as making Operator a partner or joint venturer with Owner or as creating any similar relationship or entity, and Owner agrees that it will not make any contrary assertion, contention, claim or counterclaim in any action, suit or other legal proceedings involving Operator and Owner.

13.15 Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof, superseding all prior agreements or undertakings, oral or written.

13.16 Time of the Essence; Force Majeure. Time is of the essence of this Agreement; provided, however, that time limitations set forth in this Agreement, except with respect to monetary obligations, shall be extended for the period of any delay due to causes beyond the delayed party's control or which cannot be reasonably foreseen or provided against, including, without limitation, strikes, governmental regulations or orders, or events of force majeure.

13.17 Interpretation. No provisions of this Agreement shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision.

13.18 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and need not be signed by more than one of the parties hereto and all of which shall constitute one and the same agreement.

13.19 Consent and Approval. Except as herein otherwise provided, whenever in this Agreement the Approval of Operator and Owner is required, such Approval shall not be unreasonably withheld or delayed.

13.20 Notices. Any notice, consent, approval, or other communication which is provided for or required by this Agreement must be in writing and may be delivered in person to any party or may be sent by a facsimile transmission, telegram or telex, courier or registered or certified U.S. mail, with postage prepaid, return receipt requested. Any such notice or other written communications shall be deemed received by the party to whom it is sent (i) in the case of personal delivery, on the date of delivery to the party to whom such notice is addressed as evidenced by a written receipt signed on behalf of such party, (ii) in the case of facsimile transmission or telegram, two (2) business days after the date of transmission, (iii) in the case of courier delivery, the date receipt is acknowledged by the party to whom such notice is addressed as evidenced by a written receipt signed on behalf of such party, and (iv) in the case of registered or certified mail, the earlier of the date receipt is acknowledged on the return receipt for such notice or five (5) business days after the date of posting by the United States Post Office. For purposes of notices, the addresses of the parties hereto shall be as follows, which addresses may be changed at any time by written notice given in accordance with the provision:

If to Owner:

Hon. Jerry W. Sharber  
Mayor  
City of Franklin  
City Hall Mall  
Office of the Mayor and City Administrator  
109 Third Avenue South  
Franklin, Tennessee 37064

Mr. James R. Johnson  
City Administrator  
City of Franklin, Tennessee  
City Hall Mall  
Office of the Mayor and City Administrator  
109 Third Avenue South  
Franklin, Tennessee 37064

With copies to:

Mr. Douglas Berry  
City Attorney  
Weed, Hubbard, Berry & Doughty  
SunTrust Center  
424 Church Street  
Nashville, Tennessee 37219

Mr. Robert A. Ring  
County Executive  
Williamson County  
1320 West Main Street  
Suite 125  
Franklin, Tennessee 37064

Mr. Richard Buerger  
Peterson, Buerger, Moseley & Carson  
306 Court Square  
Franklin, Tennessee 37064

If to Operator:

Stormont Trice Management Corporation  
3350 Cumberland Circle  
Suite 1800  
Atlanta, Georgia 30339  
Attn: Richard M. Stormont  
Chairman

Failure of, or delay in delivery of any copy of a notice or other written communication shall not impair the effectiveness of such notice or written communication given to any party to this Agreement as specified herein. The parties agree that upon giving any notice or other written communication in accordance with the foregoing procedure they shall each then use their reasonable best efforts to advise the other party by telephone that a written communication has been sent under this Agreement; such telephonic advice shall not impair the effectiveness of any written communication otherwise given in accordance with this Section.

13.21 Liability of Owner. By their execution hereinbelow, the City of Franklin, Tennessee and Williamson County hereby acknowledge and agree that their liability under this Agreement shall be joint and several with respect to the obligations of Owner hereunder, notwithstanding any other provision of this Agreement to the contrary.

#### ARTICLE 14 REPRESENTATIONS AND WARRANTIES

14.1 Representations and Warranties of Owner. In order to induce Operator to enter into this Agreement, Owner does hereby make the following representations and warranties:

(a) the execution of this Agreement is permitted by the statutory and constitutional authority of Owner and this Agreement has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of Owner enforceable in accordance with the terms hereof;

(b) except for that certain pending civil action styled Freeman v. Robert Ring, et al., there is no claim, litigation, proceedings or governmental investigation pending, or as far as is known to Owner, threatened, against or relating to Owner, the properties or business of Owner or the transactions contemplated by this Agreement which does, or may reasonably be expected to, materially and adversely affect the ability of Owner to enter into this Agreement or to carry out its obligations hereunder, and there is no basis for any such claim, litigation, proceedings or governmental investigation, except as has been fully disclosed in writing to Operator; and

(c) neither the consummation of the actions completed by this Agreement on the part of Owner to be performed, nor the fulfillment of the terms, conditions and provisions of this Agreement, conflicts with or will result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any agreement, indenture, instrument or undertaking to which Owner is a party or by which it is bound.

14.2 Representations and Warranties of Operator. In order to induce Owner to enter into this Agreement, Operator does hereby make the following representations and warranties:



(a) the execution of this Agreement is permitted by the Articles of Incorporation and By-Laws of Operator and this Agreement has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of Operator enforceable in accordance with the terms hereof;

(b) there is no claim, litigation, proceedings or governmental investigation pending, or as far as is known to Operator, threatened, against or relating to Operator, the properties or business of Operator or the transactions contemplated by this Agreement which does, or may reasonably be expected to, materially and adversely affect the ability of Operator to enter into this Agreement or to carry out its obligations hereunder, and there is no basis for any such claim, litigation, proceedings or governmental investigation, except as has been fully disclosed in writing to Owner; and

(c) neither the consummation of the actions completed by this Agreement on the part of Operator to be performed, nor the fulfillment of the terms, conditions and provisions of this Agreement, conflicts with or will result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any agreement, indenture, instrument or undertaking to which Operator is a party or by which it is bound.

14.3 Conditions Subsequent. Anything to the contrary set forth in this Agreement notwithstanding, the rights, duties and obligations of Owner and Operator hereunder are and shall be subject to achievement of the following on or before November 14, 1997:

- (i) the consummation of construction financing sufficient for the development and construction of the Hotel;
- (ii) the full execution of the Franchise Agreement; and
- (iii) commencement of construction of the Conference Center.

If foregoing conditions subsequent are not fulfilled on or before November 14, 1997, either Owner or Operator, upon written notice to the other, shall have the right to terminate this Agreement whereupon all rights, benefits, duties and obligations of Owner and Operator hereunder shall be null and void and neither party shall have any further duties and obligations hereunder.

IN WITNESS WHEREOF, Operator and Owner, acting by and through their proper and duly authorized officers or representatives, have each duly executed this Agreement under seal the day and year first above written.

OWNER:

CITY OF FRANKLIN, TENNESSEE

By: Jerry W. Shaber  
Jerry W. Shaber  
Mayor

Attest: James R. Johnson  
Name: James R. Johnson  
City Clerk

WILLIAMSON COUNTY

By: Robert A. King  
Name: Robert A. King  
Title: County Executive

OPERATOR:

STORMONT TRICE MANAGEMENT CORPORATION, a Georgia corporation

By: Donald R. Trice  
Donald R. Trice  
Chairman / President

## CEP RESERVE ADDENDUM

There shall be paid into the CEP Reserve during each Fiscal Year the following percentages of Gross Revenues<sup>1</sup>:

First partial Fiscal Year and first full Fiscal Year	<u>1</u> %
Second full Fiscal Year	<u>2</u> %
Third full Fiscal Year	<u>3</u> %
Fourth full Fiscal Year and thereafter	<u>4</u> %

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<sup>1</sup>Amounts to be paid into the CEP Reserve shall be dictated in large part by amounts required under the Franchise Agreement which, as of September 30, 1997, have not been determined.

# EXHIBIT A

## PROPERTY DESCRIPTION

Lot 662, Cool Springs East Subdivision, Section 16

Being a tract of land located in the Eighth Civil District of Williamson County, in the City of Franklin, Tennessee, known as Lot 662, Cool Springs East Subdivision, Section 16, as of record in Plat Book 25, Page 125, R.O.W.C., Tennessee, and being more particularly described as follows:

**BEGINNING** at an existing iron pin, the northerly end of the northeasterly return curve of Cool Springs Boulevard and Carothers Parkway; thence,

1. With the easterly right-of-way line of Carothers Parkway, northwardly, with a curve to the right, having a radius of 3510.87 feet and a central angle of  $11^{\circ}32'51''$ , an arc length of 707.59 feet, a chord bearing and distance of North  $22^{\circ}14'19''$  East, 706.39 feet to an existing iron pin; thence,
2. North  $28^{\circ}00'44''$  East, 32.00 feet to an iron pin set; thence,
3. Leaving said right-of-way line, with the southerly line of Lot 663, southerly, with a curve to the left, having a radius of 30.00 feet and a central angle of  $53^{\circ}35'17''$ , an arc length of 28.06 feet, a chord bearing and distance of South  $44^{\circ}21'17''$  East, 27.05 feet to an iron pin set; thence,
4. Southeasterly, with a curve to the left, having a radius of 177.00 feet and a central angle of  $29^{\circ}13'56''$ , an arc length of 90.31 feet, a chord bearing and distance of South  $85^{\circ}45'54''$  East, 89.33 feet to an iron pin set; thence,
5. North  $79^{\circ}37'17''$  East, 62.45 feet to an iron pin set; thence,
6. With a curve to the left, having a radius of 295.00 feet and a central angle of  $13^{\circ}41'29''$ , an arc length of 70.49 feet, a chord bearing and distance of North  $72^{\circ}46'42''$  East, 70.33 feet to an iron pin set; thence,
7. With a curve to the right, having a radius of 342.00 feet and a central angle of  $25^{\circ}42'24''$ , an arc length of 153.44 feet, a chord bearing and distance of North  $78^{\circ}47'10''$  East, 152.16 feet to an iron pin set; thence,
8. South  $01^{\circ}38'22''$  West, 36.30 feet to an iron pin set; thence,
9. Southeasterly, with a curve to the right, having a radius of 306.00 feet and a central angle of  $45^{\circ}10'11''$ , an arc length of 242.81 feet, a chord bearing and distance of South  $65^{\circ}46'32''$  East, 236.58 feet to an iron pin set; thence,
10. South  $16^{\circ}20'33''$  West, 229.27 feet to an iron pin set; thence,
11. South  $73^{\circ}39'27''$  East, 11.58 feet to an iron pin set; thence,
12. South  $16^{\circ}20'33''$  West, 42.39 feet to an iron pin set; thence,
13. With the common property line of Lot 665 and this tract, North  $73^{\circ}39'27''$  West, 105.14 feet to a point; thence,
14. North  $16^{\circ}20'33''$  East, 46.50 feet; thence;
15. North  $73^{\circ}39'27''$  West, 77.69 feet; thence;
16. South  $16^{\circ}20'33''$  West, 58.51 feet; thence;
17. North  $73^{\circ}39'27''$  West, 90.96 feet; thence;
18. South  $16^{\circ}20'33''$  West, 9.04 feet; thence;
19. North  $73^{\circ}39'27''$  West, 6.87 feet; thence;
20. South  $16^{\circ}20'33''$  West, 26.88 feet; thence;

## EXHIBIT A

21. North  $73^{\circ}39'27''$  West, 125.10 feet to an iron pin set; thence,
22. South  $16^{\circ}20'33''$  West, 101.68 feet to an iron pin set; thence,
23. With a curve to the left, having a radius of 137.00 feet and a central angle of  $31^{\circ}57'44''$ , an arc length of 76.42 feet, a chord bearing and distance of South  $00^{\circ}21'41''$  West, 75.44 feet to an iron pin set; thence,
24. South  $74^{\circ}22'49''$  West, 174.41 feet to an iron pin set; thence,
25. South  $16^{\circ}20'33''$  West, 186.88 feet to an iron pin set on the northerly right-of-way line of Cool Springs Boulevard; thence,
26. With said right-of-way line, North  $73^{\circ}24'53''$  West, 135.45 feet to an iron pin set; thence,
27. North  $73^{\circ}22'49''$  West, 30.20 feet to an existing iron pin; thence,
28. With a curve to the right, having a radius of 36.00 feet and a central angle of  $52^{\circ}19'34''$ , an arc length of 32.88 feet, a chord bearing and distance of North  $09^{\circ}41'54''$  West, 31.75 feet to the POINT OF BEGINNING and containing 7.800 acres, more or less.