

Year	Proforma Gross Revenue
31	\$31,429,545
32	\$32,372,431
33	\$33,343,604
34	\$34,343,912
35	\$35,374,229
36	\$36,435,456
37	\$37,528,520
38	\$38,654,376
39	\$39,814,007
40	\$41,008,427
41	\$42,238,680
42	\$43,505,840
43	\$44,811,016
44	\$46,155,346
45	\$47,540,006
46	\$48,966,207
47	\$50,435,193
48	\$51,948,249
49	\$53,506,696
50	\$55,111,897
51	\$56,765,254
52	\$58,468,211
53	\$60,222,258
54	\$62,028,925

(d) **Additional Rent in the Case of a Capital Event.**

Net Proceeds from a Capital Event including the Net Operating Income during the calendar year of the Capital Event, shall be distributed as follows:

First, one hundred percent (100%) of the Net Operating Income and one hundred percent (100%) of the Net Proceeds received in the calendar year of a Capital Event is paid to the Lessee until the Construction Loan and the Developer Equity Investment has been repaid in full.

Second, after the Lessee has received repayment, in full, of the Developer Equity Investment, Net Operating Income and Net Proceeds received in the calendar year of a Capital Event are split 65% to the Lessor and 35% to the Lessee, as Additional Rent, until the Lessor Investment has been repaid, in full, to the Lessor.

After the Lessor has received repayment, in full, of the Lessor Investment, one hundred percent (100%) of the Net Operating Income and one hundred percent (100%) of the Net Proceeds is paid to the Lessee.

In the event of a sale, transfer or assignment (but not a refinance) by the Lessee to an unrelated third party, the obligation to repay the remaining amount of the Lessor Investment continues with the assignee or transferee, except (i) if the Lessor Investment has been completely repaid or (ii) following the 26th anniversary date of the Commencement of Operation of the Hotel.

Any such assignee or transferee has the same Developer Equity Investment and the Lessor has the same Lessor Investment as the Transferor without regard to new levels of debt or the purchase price paid.

Notwithstanding anything to the contrary hereinabove, the obligation to pay Additional Rent in connection with a Capital Event shall terminate on the 26th anniversary date of Commencement of Operations of the Hotel.

EXHIBIT D

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO)
AND MAIL TAX STATEMENTS TO:)

Escondido Community Development Commission)
201 North Broadway)
Escondido, California 92025)
Attention: Executive Director)

[Space above for Recorder.]

This document is exempt from the payment of a
recording fee pursuant to Government Code
Section 27383.

MEMORANDUM OF LEASE

This **MEMORANDUM OF LEASE** ("Memorandum") is hereby entered into as of _____, 2010 by and between the **ESCONDIDO COMMUNITY DEVELOPMENT COMMISSION**, a public body, corporate and politic (the "Lessor"), and **ESCONDIDO DEVELOPMENT, LLC**, a Delaware limited liability company (the "Lessee").

RECITALS

A. Lessor and Lessee have entered into a "Ground Lease" dated concurrently herewith for that certain parcel of real property which is legally described in Exhibit 1 attached hereto and incorporated herein by this reference (the "Leased Premises"). A copy of the Ground Lease is available for public inspection at Lessor's office at 201 North Broadway, Escondido, California 92025. The term of the Ground Lease is fifty-five (55) years.

B. The Ground Lease provides that a short form memorandum of the Ground Lease shall be executed and recorded in the Official Records of San Diego County, California.

NOW, THEREFORE, the parties hereto certify as follows:

Lessor, pursuant to the Ground Lease, hereby leases the Leased Premises to the Lessee upon the terms and conditions provided for therein. This Memorandum of Lease is not a complete summary of the Ground Lease, and shall not be used to interpret the provisions of the Ground Lease.

LESSOR:

**ESCONDIDO COMMUNITY
DEVELOPMENT COMMISSION**, a public
body, corporate and politic

By: _____
_____, Chairman

ATTEST:

Commission Secretary

APPROVED AS TO FORM:

Commission Legal Counsel

STRADLING YOCCA CARLSON & RAUTH

Special Legal Counsel to Commission

<SIGNATURE PAGE CONTINUES ON FOLLOWING PAGE >

LESSEE:

ESCONDIDO DEVELOPMENT, LLC,
a Delaware limited liability company

By: Transcan Escondido Hotel Owners, LLC,
a Delaware limited liability company
Co-Managing Member

By: _____
Robert Bahen,
Managing Member

By: **C. W. CLARK, INC.,**
a California corporation,
Co-Managing Member

By: _____
Craig W. Clark,
President

APPROVED AS TO FORM:

Developer's Legal Counsel

EXHIBIT 1 TO MEMORANDUM OF LEASE

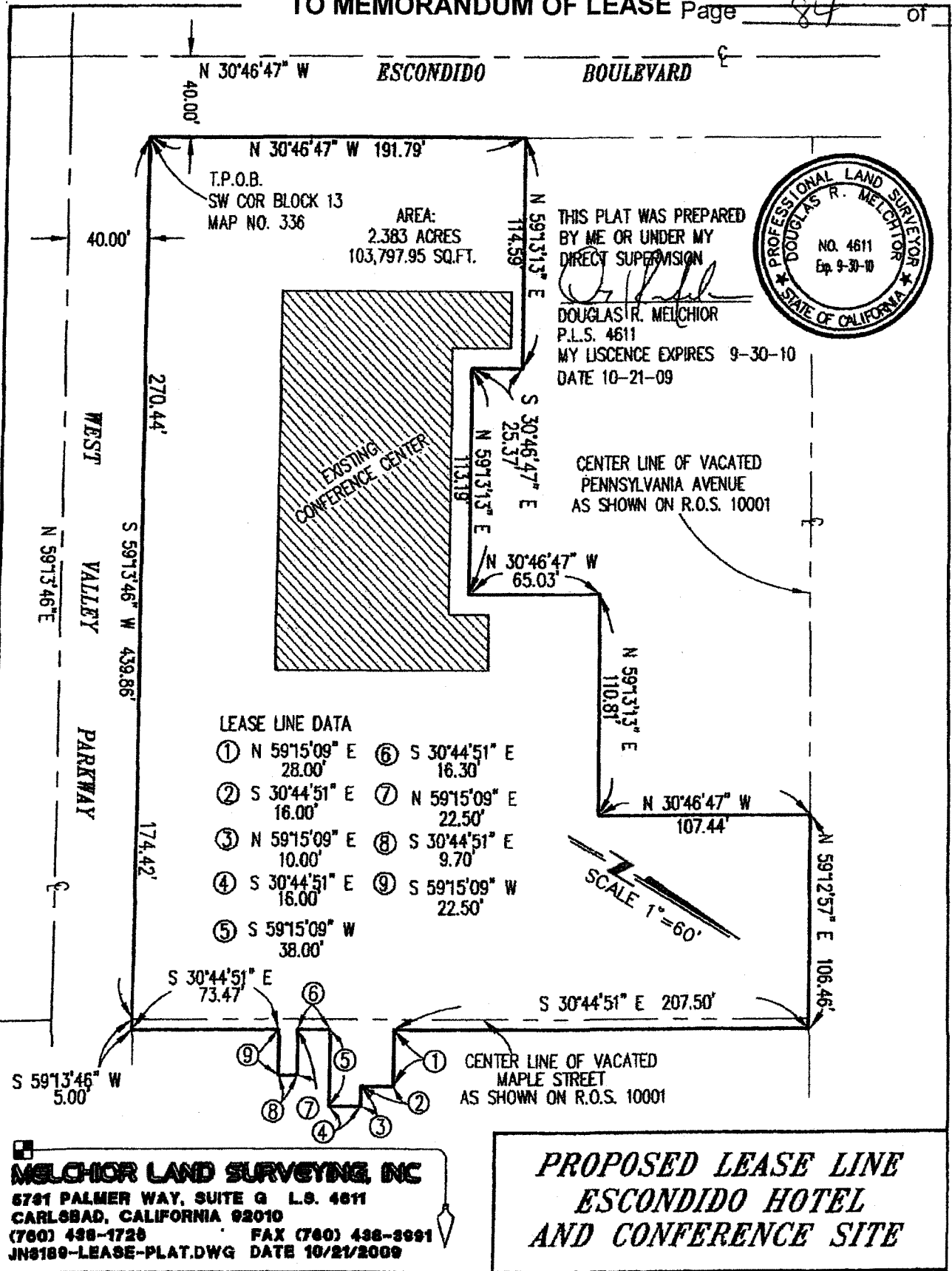
**LEGAL DESCRIPTION
OF
HOTEL AND CONFERENCE CENTER SITE**

EXHIBIT 1

EXHIBIT 1

TO MEMORANDUM OF LEASE

Page 84 of 165



LEGAL DESCRIPTION
OF
HOTEL AND CONFERENCE CENTER SITE

A PORTION OF BLOCK 13 OF RANCHO RINCON DEL DIABLO, IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 336, AS FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND DESCRIBED AS FOLLOWS:


BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID BLOCK NO. 13 OF SAID RANCHO RINCON DEL DIABLO ACCORDING TO SAID MAP NO. 336; THENCE ALONG THE WESTERLY LINE OF SAID BLOCK 13, BEING ALSO THE EASTERLY RIGHT-OF-WAY OF ESCONDIDO BOULEVARD (FORMERLY KNOWN AS NUTMEG STREET) NORTH 30°46'47" WEST, 191.79 FEET; THENCE LEAVING SAID WESTERLY LINE NORTH 59°13'13" EAST, 114.59 FEET; THENCE SOUTH 30°46'47" EAST, 25.37 FEET; THENCE NORTH 59°13'13" EAST, 113.19 FEET; THENCE NORTH 30°46'47" WEST, 65.03 FEET; THENCE NORTH 59°13'13" EAST, 110.81 FEET; THENCE NORTH 30°46'47" WEST, 107.44 FEET TO A POINT ON THE CENTER LINE OF FORMER PENNSYLVANIA AVENUE (VACATED TO PUBLIC USE); THENCE NORTHEASTERLY ALONG SAID CENTERLINE OF FORMER PENNSYLVANIA AVENUE (VACATED TO PUBLIC USE) NORTH 59°12'57" EAST, 106.46 FEET TO A POINT 5.00 FEET EASTERLY MEASURED AT RIGHT ANGLES TO THE CENTERLINE OF FORMER MAPLE STREET (VACATED TO PUBLIC USE); THENCE SOUTHERLY PARALLEL TO AND 5.00 FEET EASTERLY OF SAID CENTER LINE OF FORMER MAPLE STREET (VACATED TO PUBLIC USE) SOUTH 30°44'51" EAST, 207.50 FEET; THENCE NORTH 59°15'09" EAST, 28.00 FEET; THENCE SOUTH 30°44'51" EAST, 16.00 FEET; THENCE NORTH 59°15'09" EAST, 10.00 FEET; THENCE SOUTH 30°44'51" EAST 16.00 FEET; THENCE SOUTH 59°15'09" WEST 38.00 FEET; THENCE SOUTH 30°44'51" EAST 16.30 FEET; THENCE NORTH 59°15'09" EAST 22.50 FEET; THENCE SOUTH 30°44'51" EAST 9.70 FEET; THENCE SOUTH 59°15'09" WEST 22.50 FEET; THENCE PARALLEL TO AND 5.00 FEET EASTERLY OF SAID CENTERLINE SOUTH 30°44'51" EAST, 73.47 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID BLOCK 13 OF SAID RANCHO RINCON DEL DIABLO, BEING ALSO THE NORTHERLY RIGHT-OF-WAY LINE OF WEST VALLEY PARKWAY (FORMERLY KNOWN AS OHIO AVENUE); THENCE WESTERLY ALONG SAID RIGHT-OF-WAY SOUTH 59°13'46" WEST, 5.00 FEET TO A POINT ON THE CENTER LINE OF SAID FORMER MAPLE STREET (VACATED TO PUBLIC USE); THENCE CONTINUING WESTERLY ON SAID RIGHT-OF-WAY SOUTH 59°13'46" WEST, 439.86 FEET TO THE POINT OF BEGINNING.

CONTAINING: 103,797.95 SQ. FT.

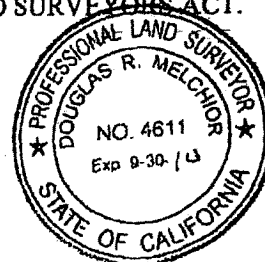
2.383 ACRES MORE OR LESS

ATTACHED HERETO AND MADE A PART HEREOF THIS LEGAL DESCRIPTION IS A PLAT LABELED EXHIBIT "B"

THIS REAL PROPERTY DESCRIPTION HAS BEEN PREPARED BY ME, OR UNDER MY DIRECTION, IN CONFORMANCE WITH THE PROFESSIONAL LAND SURVEYORS ACT.


DOUGLAS R. MELCHIOR
P.L.S. 4611
LICENSE EXPIRES 9-30-10

10-21-2009
DATE



FROM		ANGLE		DIST	NORTH	EAST	TO
=====							
HOTEL AND CONFERENCE CENTER							
LOT CHECK MODE ENABLED							
200	TRAV	N 30 46 47	W	191.79			201
							LEASE
201	TRAV	N 59 13 13	E	114.59			202
							LEASE
202	TRAV	S 30 46 47	E	25.37			203
							LEASE
203	TRAV	N 59 13 13	E	113.19			204
							LEASE
204	TRAV	N 30 46 47	W	65.03			475
							LEASE
475	TRAV	N 59 13 13	E	110.81			477
							LEASE
477	TRAV	N 30 46 47	W	107.44			207
							LEASE
207	TRAV	N 59 12 57	E	106.46			211
							LEASE
211	TRAV	S 30 44 51	E	207.50			212
							LEASE
212	TRAV	N 59 15 09	E	28.00			213
							LEASE
213	TRAV	S 30 44 51	E	16.00			478
							LEASE
478	TRAV	N 59 15 09	E	10.00			479
							LEASE
479	TRAV	S 30 44 51	E	16.00			480
							LEASE
480	TRAV	S 59 15 09	W	38.00			481
							LEASE
481	TRAV	S 30 44 51	E	16.30			482
							LEASE
482	TRAV	N 59 15 09	E	22.50			483
							LEASE
483	TRAV	S 30 44 51	E	9.70			484
							LEASE
484	TRAV	S 59 15 09	W	22.50			219
							LEASE
219	TRAV	S 30 44 51	E	73.47			220
							LEASE
220	TRAV	S 59 13 46	W	5.00			221
							LEASE
221	TRAV	S 59 13 46	W	439.86			200
							LEASE



=====

LAT & DEP C 00076 0.00027

200 HCLOSE N 19 43 42 E 0 00 1988808 51084 6308095 21821 200

PREC - 1 TO 21 4840 Area = 103797.35 sq ft 2 38287 ac

ATTACHMENT NO. 5

[INTENTIONALLY LEFT BLANK]

ATTACHMENT NO. 6

SCHEDULE OF PERFORMANCE

COMPONENT	DEADLINE TO PERFORM TASK (Calendar Days)	DATE COMPLETED
1. MATTERS TO BE COMPLETED CONCURRENTLY WITH OR PRIOR TO "CONVEYANCE"		
a). Approval of the Disposition and Development Agreement (DDA) by the Commission.	On or Before June 30, 2010	
b). Commission and Developer, as applicable, shall fulfill or waive Conditions Precedent §205.1, 205.2	On or Before Conveyance	
c). Commission shall convey leasehold interest in the site to Developer §201, §202.4	On or before December 31, 2010	
d). Developer submits complete construction permit applications for early site preparation projects:		
1) Temporary construction access easements and or encroachment permit for grape day park, site demolition and remodeling of chiller building (if required).	Each within 60 days after Date of Agreement	
2) Remodel existing chiller building and conversion to shared emergency generator building including relocation of the washer, dryer and water heater.		
3) Site demolition including SWPPP for existing parking lot area and adjacent structures.		
4) Relocate underground utilities including temporary systems needed to maintain existing Conference Center and adjacent theater operations.		
e). Obtain construction permits for early site preparation projects.		
1) Temporary construction access easements and or encroachment permit for grape day park, site demolition and remodeling of chiller building (if required).	On or before 60 days following submittal of completed application	
2) Remodel existing chiller building and conversion to shared emergency generator building including relocation of the washer, dryer and water heater.	On or before 90 days following submittal of completed application.	

COC

Resolution No. 2010-07(R)

EXHIBIT 1

Page 89 of 165

3) Site demolition including SWPPP for existing parking lot area and adjacent structures.	On or before 90 days following submittal of completed application	
4) Relocate underground utilities including temporary systems needed to maintain existing Conference Center and Theater operations.	On or before 120 days following submittal of completed application	
f). Commence construction of early site preparation projects.	Within 30 days following issuance of each permit	

2. MATTERS TO BE PERFORMED CONCURRENTLY WITH OR FOLLOWING CONVEYANCE		
a) Recordation of Lease Line Description.	Concurrently with Conveyance	
b) Developer submits complete construction permit applications for Hotel Project:		
1) Shoring, dewatering, SWPPP, excavation / grading including on and off site public improvements.	On or before 120 days after Conveyance	
2) Structural Shell for the Subterranean Parking	On or before 150 days after Conveyance	
3) Hotel, completion of Subterranean Parking and Conference Center Refurbishment.	180 days after Conveyance	
c) Obtain building permits for the following:		
1) Shoring, dewatering, SWPPP, excavation / grading including on and off site public improvements.	Within 90 days following submittal of completed application	
2) Structural Shell for the Subterranean Parking.	Within 120 days following submittal of completed application.	

3) Hotel, completion of Subterranean Parking and Conference Center Refurbishment.	Within 120 days following submittal of completed application	
d). Commencement of Construction of the Hotel Project.	No later than 30 days after issuance of each permit	
e). Commission transfers the Covenant Acquisition Consideration to Escrow Construction Account. <div>1) Release of \$6.1 million</div> <div>2) Release of remaining \$4.618 million.</div>	<div>Within 10 Days following final completion of Structural Shell, as required by Section 3.c.1.2 of the Scope of Development</div> <div>Within 10 days following the date on which the Lender and Project Architect provide the certification required by Section 10 of the Acquisition of Covenants Agreement</div>	
f). Issuance by the Commission of a Release of Construction Covenants	Following Completion of Construction in accordance with the DDA and following request by the Developer.	

3. COMPLETION OF CONSTRUCTION OF HOTEL PROJECT	24 months after issuance of building permits for Hotel Project as such permits are described in Section 2.b)3)	
4. COMMENCEMENT OF OPERATIONS	On or Before 30 Days following issuance of a Certificate of Occupancy	

ATTACHMENT NO. 7

SCOPE OF DEVELOPMENT

The Developer shall develop the Hotel Project in accordance with the Agreement, Land Use Approvals and Permits and the Franchise Agreement.

The following is a general description of each of the Development Elements:

1. Hotel

- a. Full-service Marriott Hotel constructed and operated pursuant to a Franchise Agreement with approximately 196-guestroom keys, approximately 196,858 square feet of building area including approximately 3,000 square feet/120-seat restaurant/bar, approximately 1976 square feet fitness facility and approximately 1,300 square feet of meeting space, all pursuant to the quality standard set forth in Section 402, to be located above the subterranean parking garage and next to the Conference Center.
- b. The Hotel shall also be designed, developed, and operated in full compliance with the standard set forth in this Agreement and the Franchise Agreement, which shall operate in compliance with the requirements of a 3 or 4 star Mobil ranking or a 3 or 4 diamond American Automobile Association ranking.

2. Conference Center:

- a. The existing Conference Center of approximately 25,000 square feet equivalent shall be refurbished and operated in full compliance with the standard set forth in the Franchise Agreement and consistent with the quality standard utilized in the construction and operation of the Hotel. The plan for refurbishment and operation will be approved by the Executive Director acting in his reasonable discretion.

3. Subterranean Parking

- a. Minimum of 209 parking spaces per City of Escondido Parking Code Requirements. A minor modification by the City to the Master Plan to allow up to 22% of required parking to be compact spaces may be required. Standard size stall is 8.5 x 18 feet, compact size stall is 8.5 x 16 feet, and all drive isles shall be a minimum of 24 feet wide for 90 degree parking, to be located in a parking facility to be constructed on two (2) levels below ground level under the Hotel to serve the Hotel Project.
- b. The upper level ("Level 1") contains approximately 40,000 sf and includes approximately 99 parking stalls. The lower level ("Level 2") contains approximately 40,000 sf and includes approximately 110 stalls. Two stair wells and two passenger elevators provide access to the hotel area.

- c. The Hotel and the Subterranean Parking shall be designed as a single contiguous building in two phases as defined below:

(1) Phase I:

- 1.1 The Early Site Preparation Projects (as described in the Schedule of Performance) necessary to facilitate Phase I shall be limited to only those necessary for the excavation and construction of the Structural Shell. These projects include relocation of all existing conflicting utilities including sewer, water, fire protection service, natural gas, power and telephone/data communications. New services include construction of a new 12" sewer, new 12" water line, relocate water service and electric main service and emergency power conduits to Community Theater and Conference Center. Relocate washer, dryer and water heater and demolish existing chiller building and a marquis sign. Remove public art structures. Remodel existing Chiller building and conversion to a shared enclosure to house the City and Hotel emergency generators. Construction of temporary construction access road through Grape Day Park and associated construction staging areas (if approved).
- 1.2 The "Structural Shell": shall be designed, permitted and constructed as a structural shell only, including the capability to support the Hotel. The design, plans and permits for the Structural Shell shall be limited to the foundation, waterproofing, slab on grade, plumbing required below the slab, structural walls, columns and floors including two (2) levels of stair wells, including usable stairs at three (3) landings each for egress during construction and two (2) elevator shafts for future elevators to be installed with the Hotel. Construction of the Structural Shell shall be limited only to the requirements illustrated on the permitted plans for the permit for the Structural Shell as approved by the Building Official. The Structural Shell is not intended to be sufficiently complete to obtain a Final Certificate of Occupancy without the final improvements described in Phase II below. The Structural Shell shall be deemed complete when the Building Official completes final inspection thereof and confirms that it has been completed consistent with the permit issued for the Structural Shell.

(2) Phase II:

- 1.1 Completion of the Subterranean Parking including mechanical, electrical, plumbing, fire-protection, life safety, elevators, parking control equipment, finishes, furnishings and equipment, including a Final Certificate of Occupancy, shall

be completed in Phase II concurrent with the completion of the Hotel.

4. **Site Improvements:**

- a. On and Off site Improvements to complete the Project shall be constructed concurrent with the Hotel and Conference Center refurbishment including replacement of the existing 11 spaces ("Surface Parking") located in an existing lot south of the Conference Center and west of the Hotel taking access off of West Valley Parkway. Completion of all surface improvements, driveways, sidewalks, outdoor patios, landscaping /trees and Public Improvements required under the approved Precise Plan. Removal of the temporary construction access road through Grape Day Park and returning the area to its condition before commencement of construction.

ATTACHMENT NO. 8

RECORDING REQUESTED BY)
 AND WHEN RECORDED MAIL TO:)

Escondido Development, LLC)
)
)
 Attn:)
)

[Space above for Recorder.]

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

RELEASE OF CONSTRUCTION COVENANTS

This **RELEASE OF CONSTRUCTION COVENANTS** (the "Release") is made by the **ESCONDIDO COMMUNITY DEVELOPMENT COMMISSION**, a public body, corporate and politic (the "Commission"), in favor of **ESCONDIDO DEVELOPMENT, LLC**, a Delaware limited liability company (the "Developer"), as of the date set forth below.

RECITALS

A. The Commission and the Developer have entered into that certain Amended and Restated Disposition and Development Agreement (the "Agreement") dated [REDACTED], 2010 concerning the development of certain real property situated in the City of Escondido, California as more fully described in Exhibit "A" attached hereto and made a part hereof.

B. As referenced in Section 310 of the Agreement, the Commission is required to furnish the Developer or its successors with a Release of Construction Covenants upon Completion of Construction of the Hotel Project (as defined in Section 100 of the Agreement), which Release is required to be in such form as to permit it to be recorded in the Recorder's office of San Diego County. This Release is conclusive determination of satisfactory Completion of the Construction required for the Development Element by the Agreement.

C. The Commission has conclusively determined that such construction and development has been satisfactorily completed with respect to the [Identify Development Element].

NOW, THEREFORE, the Commission hereby certifies as follows:

1. The [Identify Development Element or Hotel Project] has been fully and satisfactorily completed in conformance with the Agreement. Any operating requirements and all use or maintenance covenants contained in the Agreement and other documents executed and recorded pursuant to the Agreement shall remain in effect and enforceable according to their terms.

2. Nothing contained in this instrument shall modify in any way any other provisions of the Agreement.

IN WITNESS WHEREOF, the Commission has executed this Release this day
of , 2010.

COMMISSION:

**ESCONDIDO COMMUNITY DEVELOPMENT
COMMISSION**, a public body, corporate and politic

By: _____
Chairman

ATTEST:

Commission Secretary

APPROVED AS TO FORM:

Commission Legal Counsel

STRADLING YOCCA CARLSON & RAUTH

Special Legal Counsel to Commission

<SIGNATURE PAGE CONTINUES ON FOLLOWING PAGE >

DEVELOPER:

ESCONDIDO DEVELOPMENT, LLC,
a Delaware limited liability company

By: **TRANSCAN ESCONDIDO HOTEL
OWNERS, LLC, a Delaware limited
liability company,
co-managing member**

By: _____
Robert Bahen,
Managing Member

By: **C. W. CLARK, INC.,
a California corporation,
co-managing member**

By: _____
Craig W. Clark,
President

APPROVED AS TO FORM:

Developer's Legal Counsel

EXHIBIT A
TO ATTACHMENT NO. 8

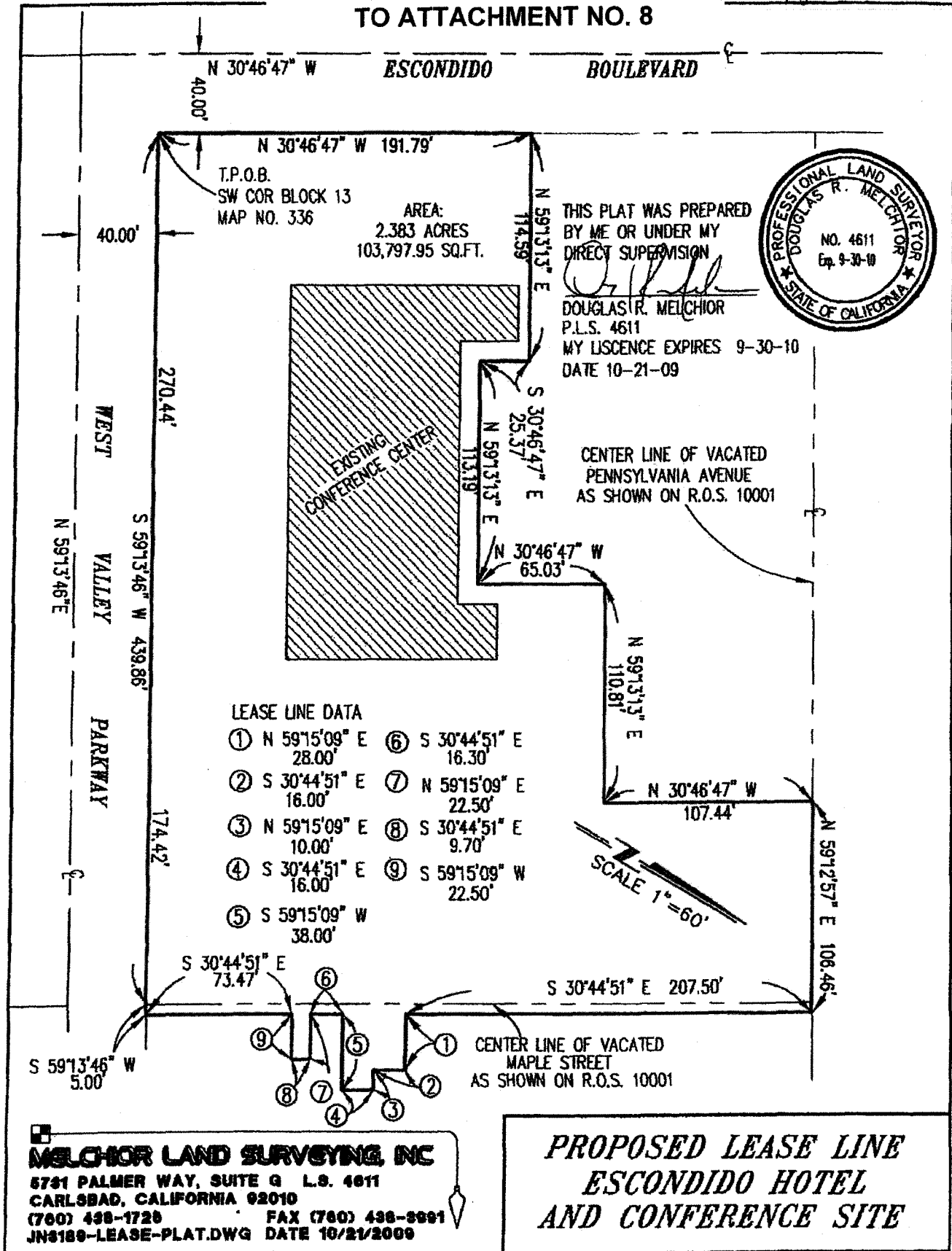


EXHIBIT "A"

LEGAL DESCRIPTION
OF
HOTEL AND CONFERENCE CENTER SITE

A PORTION OF BLOCK 13 OF RANCHO RINCON DEL DIABLO, IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 336, AS FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND DESCRIBED AS FOLLOWS:

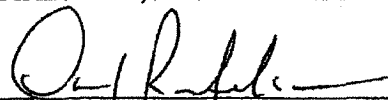
BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID BLOCK NO. 13 OF SAID RANCHO RINCON DEL DIABLO ACCORDING TO SAID MAP NO. 336; THENCE ALONG THE WESTERLY LINE OF SAID BLOCK 13, BEING ALSO THE EASTERLY RIGHT-OF-WAY OF ESCONDIDO BOULEVARD (FORMERLY KNOWN AS NUTMEG STREET) NORTH 30°46'47" WEST, 191.79 FEET; THENCE LEAVING SAID WESTERLY LINE NORTH 59°13'13" EAST, 114.59 FEET; THENCE SOUTH 30°46'47" EAST, 25.37 FEET; THENCE NORTH 59°13'13" EAST, 113.19 FEET; THENCE NORTH 30°46'47" WEST, 65.03 FEET; THENCE NORTH 59°13'13" EAST, 110.81 FEET; THENCE NORTH 30°46'47" WEST, 107.44 FEET TO A POINT ON THE CENTER LINE OF FORMER PENNSYLVANIA AVENUE (VACATED TO PUBLIC USE); THENCE NORTHEASTERLY ALONG SAID CENTERLINE OF FORMER PENNSYLVANIA AVENUE (VACATED TO PUBLIC USE) NORTH 59°12'57" EAST, 106.46 FEET TO A POINT 5.00 FEET EASTERLY MEASURED AT RIGHT ANGLES TO THE CENTERLINE OF FORMER MAPLE STREET (VACATED TO PUBLIC USE); THENCE SOUTHERLY PARALLEL TO AND 5.00 FEET EASTERLY OF SAID CENTER LINE OF FORMER MAPLE STREET (VACATED TO PUBLIC USE) SOUTH 30°44'51" EAST, 207.50 FEET; THENCE NORTH 59°15'09" EAST, 28.00 FEET; THENCE SOUTH 30°44'51" EAST, 16.00 FEET; THENCE NORTH 59°15'09" EAST, 10.00 FEET; THENCE SOUTH 30°44'51" EAST 16.00 FEET; THENCE SOUTH 59°15'09" WEST 38.00 FEET; THENCE SOUTH 30°44'51" EAST 16.30 FEET; THENCE NORTH 59°15'09" EAST 22.50 FEET; THENCE SOUTH 30°44'51" EAST 9.70 FEET; THENCE SOUTH 59°15'09" WEST 22.50 FEET; THENCE PARALLEL TO AND 5.00 FEET EASTERLY OF SAID CENTERLINE SOUTH 30°44'51" EAST, 73.47 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID BLOCK 13 OF SAID RANCHO RINCON DEL DIABLO, BEING ALSO THE NORTHERLY RIGHT-OF-WAY LINE OF WEST VALLEY PARKWAY (FORMERLY KNOWN AS OHIO AVENUE); THENCE WESTERLY ALONG SAID RIGHT-OF-WAY SOUTH 59°13'46" WEST, 5.00 FEET TO A POINT ON THE CENTER LINE OF SAID FORMER MAPLE STREET (VACATED TO PUBLIC USE); THENCE CONTINUING WESTERLY ON SAID RIGHT-OF-WAY SOUTH 59°13'46" WEST, 439.86 FEET TO THE POINT OF BEGINNING.

CONTAINING: 103,797.95 SQ. FT.

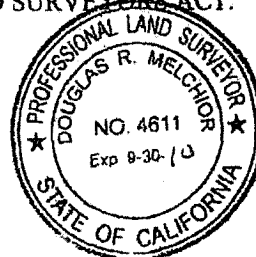
2.383 ACRES MORE OR LESS

ATTACHED HERETO AND MADE A PART HEREOF THIS LEGAL DESCRIPTION IS A PLAT LABELED EXHIBIT "B"

THIS REAL PROPERTY DESCRIPTION HAS BEEN PREPARED BY ME, OR UNDER MY DIRECTION, IN CONFORMANCE WITH THE PROFESSIONAL LAND SURVEYORS ACT.


DOUGLAS R. MELCHIOR
P.L.S. 4611
LICENSE EXPIRES 9-30-10

10-21-2009
DATE



FROM		ANGLE		DIST	NORTH	EAST	TO
=====							
HOTEL AND CONFERENCE CENTER							
LOT CHECK MODE ENABLED							
200	TRAV	N 30 46 47	W	191.78			201
							LEASE
201	TRAV	N 59 13 13	E	114.59			202
							LEASE
202	TRAV	S 30 46 47	E	25.37			203
							LEASE
203	TRAV	N 59 13 13	E	113.19			204
							LEASE
204	TRAV	N 30 46 47	W	85.03			475
							LEASE
475	TRAV	N 59 13 13	E	110.81			477
							LEASE
477	TRAV	N 30 46 47	W	107.44			207
							LEASE
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							LEASE
211	TRAV	S 30 44 51	E	207.50			212
							LEASE
212	TRAV	N 59 15 09	E	28.00			213
							LEASE
213	TRAV	S 30 44 51	E	18.00			478
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478	TRAV	N 59 15 09	E	10.00			479
							LEASE
479	TRAV	S 30 44 51	E	16.00			480
							LEASE
480	TRAV	S 59 15 09	W	38.00			481
							LEASE
481	TRAV	S 30 44 51	E	16.30			482
							LEASE
482	TRAV	N 59 15 09	E	22.50			483
							LEASE
483	TRAV	S 30 44 51	E	9.70			484
							LEASE
484	TRAV	S 59 15 09	W	22.50			219
							LEASE
219	TRAV	S 30 44 51	E	73.47			220
							LEASE
220	TRAV	S 59 13 46	W	5.00			221
							LEASE
221	TRAV	S 59 13 46	W	439.86			200
							LEASE
=====							
LAT & DEP							
200	HCLOSE	N 19 43 12	E	0.00	1988809	51094	6306095
	PREC	1 10 2144840	Area	10379	95 sq ft	2	38287 ac
=====							



ATTACHMENT NO. 9

PREVAILING WAGE AND PUBLIC WORKS REQUIREMENTS

I. DEVELOPER'S REQUIREMENTS:

(1) Obtain the prevailing wage rate from the Director of Industrial Relations in accordance with Labor Code Sections 1771 and 1773.

(2) Specify the appropriate prevailing wage rates, in accordance with Labor Code Sections 1773.2 and 1777.5.

(A) The posting requirement is applicable for each job site.

EXCEPTION: If more than one worksite exists on any project, then the applicable rates may be posted at a single location which is readily available to all workers.

(B) If a wage rate for a craft, classification or type of worker is not published in the Director's general prevailing wage determinations, a request for a special determination should be made by the awarding body to Chief, Division of Labor Statistics and Research, P.O. Box 420603, San Francisco, CA 94142, at least 45 days prior to the project bid advertisement date.

(3) Notify the Division of Apprenticeship Standards, Department of Industrial Relations. See Labor Code Section 1773.3.

(4) Inform prime contractors, to the extent feasible, of relevant public work requirements:

NOTE: Requirement information may be disseminated at a pre-acceptance of bid conference or in a call for bids or at an award of bid conference.

The public works requirements are:

(A) the appropriate number of apprentices are on the job site, as set forth in Labor Code Section 1777.5.

(B) workers' compensation coverage, as set forth in Labor Code Sections 1860 and 1861.

(C) keep accurate records of the work performed on public works projects, as set forth in Labor Code Section 1812.

(D) inspection of payroll records pursuant to Labor Code Section 1776, and as set forth in Section 16400 (e) of Title 8 of the California Code of Regulations.

(E) and other requirements imposed by law.

- (5) Withhold monies. See Labor Code Section 1727.
- (6) Ensure that public works projects are not split or separated into smaller work orders or projects for the purpose of evading the applicable provisions of Labor Code Section 1771.
- (7) Deny the right to bid on public work contracts to contractors or subcontractors who have been debarred from bidding on public works contracts, as set forth in Labor Code Section 1777.7.
- (8) Not permit workers on public works to work more than eight hours a day or 40 hours in any one calendar week, unless compensated at not less than time and a half as set forth in Labor Code Section 1815.

EXCEPTION: If the prevailing wage determination requires a higher rate of pay for overtime work than is required under Labor Code Section 1815, then that higher overtime rate must be paid, as specified in subsection 16200(a)(3)(F) of Title 8 of the California Code of Regulations.

- (9) Not take or receive any portion of the workers' wages or accept a fee in connection with a public works project, as set forth in Labor Code Sections 1778 and 1779.
- (10) Comply with those requirements as specified in Labor Code Sections 1776(g), 1777.5, 1810, 1813, and 1860.

II. CONTRACTOR AND SUBCONTRACTOR REQUIREMENTS.

The contractor and subcontractors shall:

- (1) Pay not less than the prevailing wage to all workers, as defined in Section 16000 of Title 8 of the California Code of Regulations, and as set forth in Labor Code Sections 1771 and 1774;
- (2) Comply with the provisions of Labor Code Sections 1773.5, 1775, and 1777.5 regarding public works jobsites;
- (3) Provide workers' compensation coverage as set forth in Labor Code Section 1861;
- (4) Comply with Labor Code Sections 1778 and 1779 regarding receiving a portion of wages or acceptance of a fee;
- (5) Maintain and make available for inspection payroll records, as set forth in Labor Code Section 1776;
- (6) Pay workers overtime pay, as set forth in Labor Code Section 1815 or as provided in the collective bargaining agreement adopted by the Director of Industrial Relations as set forth in Section 16200 (a) (3) of Title 8 of the California Code of Regulations;
- (7) Comply with Section 16101 of Title 8 of the California Code of Regulations regarding discrimination;
- (8) Be subject to provisions of Labor Code Section 1777.7 which specifies the penalties imposed on a contractor who willfully fails to comply with provisions of Section 1777.5;

- and
- (9) Comply with those requirements as specified in Labor Code Sections 1810 and 1813;
 - (10) Comply with other requirements imposed by law.

ATTACHMENT NO. 10

ACQUISITION OF COVENANTS AGREEMENT

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
Escondido Community Development Commission)
201 North Broadway)
Escondido, California 92025)
Attention: Executive Director)

Space Above This Line For Recorder's Use

This document is exempt from the payment of a
recording fee pursuant to Government Code Section 27383.

ACQUISITION OF COVENANTS AGREEMENT

This **ACQUISITION OF COVENANTS AGREEMENT** ("Agreement") is made this _____ day of _____, 2010, by and between the **ESCONDIDO COMMUNITY DEVELOPMENT COMMISSION**, a public body, corporate and politic (the "Commission"), and **ESCONDIDO DEVELOPMENT, LLC**, a Delaware limited liability company (the "Developer"), with reference to the following:

A. Pursuant to an Amended and Restated Disposition and Development Agreement dated as of _____, 2010 between the Commission and Developer (the "DDA"), the Commission, as Lessor, and Developer, as Lessee have entered into that certain Ground Lease dated as of _____, 2010 (the "Ground Lease"), pursuant to which Lessor has conveyed to Lessee a leasehold interest in the parcel described on Exhibit A attached hereto and incorporated herein by reference (the "Site"). The DDA is available for public inspection and copying at the Office of the City Clerk, 201 North Broadway, Escondido, California 92025. Capitalized terms are defined in Section 1. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the DDA.

B. In consideration of the Commission's agreement to pay the Covenant Acquisition Consideration (as defined below), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties have agreed to execute and record this Agreement.

1. Definitions.

"Agreement" means this Acquisition of Covenants Agreement.

"City" means City of Escondido.

"Commence(s) Operations" or **"Commencement of Operations"** means the date on which the Hotel Project opens for business to the general public

"Commission" means the Escondido Community Development Commission.

"Commission Funds Account" means the sum of Ten Million, Seven Hundred Eighteen Thousand Dollars (\$10,718,000) deposited at Bank of the West over which Commission shall have complete and absolute control until the Commission distributes such funds in two stages as provided in Section 10 hereof.

"Commission Indemnitees" means the City and the Commission and their respective officers, elected officials, employees, consultants, attorneys, representatives and agents.

"Completion of Construction" means the completion of construction, operational readiness and Commencement of Operations of the Hotel Project to a point where the Developer is entitled to a Release of Construction Covenants in accordance with the Scope of Development as evidenced by (i) a determination of the City of Escondido Building Official and (ii) written certification of completion, under penalty of perjury, by the Project Architect.

"Computation Process" means the submittal by the Developer to the Agency, upon Completion of Construction of the Hotel Project, of a final accounting prepared by an accounting firm or construction management firm which has been jointly selected by the Commission and the Developer and will be paid for by the Developer of the Developer's Costs for the Hotel Project.

"Conference Center" means the 25,000 square foot Conference Center located on the Site which will be refurbished hereunder.

"Covenant Acquisition Consideration" is defined in Section 9 hereof.

"DDA" means the Amended and Restated Disposition and Development Agreement between the parties dated _____, 2010.

"Developer's Costs for the Hotel Project" means the Hard Costs incurred and paid by Developer, as determined pursuant to the Computation Process, for the construction of the Hotel Project in accordance with the plans and specifications approved by the Commission as provided in this Agreement from and after the Date of this Agreement to the Completion of Construction of the Hotel Project.

"Development Element(s)" means the Subterranean Parking, the Hotel, the Conference Center and the Surface Parking as described in the Scope of Development.

"Escrow Construction Account" means escrow account # 9300 15355-K55 at Chicago Title in its San Bernardino Office which account will be used by Developer, Lender and Commission to disburse funds as provided in Section 202.7 of the DDA.

"Ground Lease" means the Ground Lease in substantially the form of Attachment No. 4 attached to the DDA.

"Hard Costs" means the actual and direct third party construction costs incurred and paid by Developer from and after the Date of this Agreement to the date upon which Completion of Construction occurs for the Hotel Project, including grading and site preparation, required onsite and offsite improvements, building construction, permit and inspection fees charged by any public agency, performance or completion bond premiums, title insurance premiums and title insurance endorsements, surveys, hazardous materials remediation, construction loan fees, points and interest, and all ad valorem property taxes and assessments.

"Hotel" means the hotel building (excluding the Subterranean Parking and Conference Center) as described in the Scope of Development.

"Hotel Project" means the Subterranean Parking, the Hotel, and the Conference Center as described in the DDA and the Scope of Development.

"Indemnify" means indemnify, defend and hold harmless.

"Project Architect" means Lee & Sakahara, 16842 Von Karman, Irvine, California 92606 4927 designated by the Developer as the "Project Architect" with responsibility for design and construction supervision with respect to the Hotel Project.

"Scope of Development" means the Scope of Development attached to the DDA as Attachment No. 7, which describes the scope, amount and quality of development of the Hotel Project to be constructed by the Developer pursuant to the terms and conditions of this Agreement.

"Site" is defined in Recital A and the legal description for which is set forth in Exhibit A.

"Structural Shell" is defined in Section 3.c.1.2 of the Scope of Development.

"Subterranean Parking" means those approximately 209 parking spaces to be constructed by the Developer under the Hotel in accordance with the Scope of Development, which subterranean parking will serve the Hotel and will be included in the Ground Lease.

"Violation" is defined in Section 2(k).

2. **Covenants.** The Developer, on behalf of itself, its successors, assigns and every successor in interest to the Site, hereby conveys and agrees to be bound by the following covenants:

(a) To construct the Hotel Project pursuant to Section 301 of the DDA and the Ground Lease.

(b) To Commence Operations of the Hotel Project as a first quality, full service Marriott Resort with the hotel brand of Marriott International in accordance with the Franchise Agreement and the Schedule of Performance.

(c) For a period of fifty five (55) years from the date on which the Hotel Project Commences Operations ("Operating Period"), to continuously use and operate the Hotel in accordance with the following. During such Operating Period the Hotel Project shall be operated under the name of Franchisor and be operated by Operator in accordance with the Franchise Agreement and Operator Agreement, respectively. In addition, the Commission shall have the right,

acting in its reasonable discretion, to approve any proposed changes in the Franchisor and/or Operator and/or the Franchise Agreement and/or Operator Agreement provided that such proposed Franchisor and/or proposed operator shall operate the Hotel at a quality standard not less than that imposed by the Franchisor and/or Operator pursuant to the Franchise Agreement and/or Operator Agreement initially executed hereunder and provided further that such proposed franchisor and/or proposed operator shall have the financial capability and operating experience to operate the Hotel at the level required in subparagraph (f), and shall consent to continue to operate, or cause the operation, as the case may be, of the Hotel Project in the condition and at a quality level substantially equivalent to the condition and quality level, as the case may be, as existed as of the date on which the Hotel Commences Operations.

(d) During the Operating Period, the Developer covenants and agrees by and for itself, its successors, assigns and every successor in interest to the Site or any part thereof that commencing upon the Completion of Construction of the Hotel Project, the Developer shall not take action to decrease the assessed value of Lessee's possessory interest in the Site below the assessed value imposed by the County Tax Assessor in the fiscal year following the fiscal year in which the Hotel Project is completed.

(e) During the Operating Period, the Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof, that the Developer shall maintain the Site to the curblin, in accordance with the terms of the Ground Lease, and shall keep the Site free from any accumulation of debris or waste materials. The Developer shall maintain the landscaping required to be planted on the Site in a healthy condition in accordance with the approved landscape plan. The Site shall be maintained in compliance with the applicable provisions of the City Municipal Code.

(f) The furniture, fixtures and equipment for each guest room shall be at least equivalent in quality to the furniture, fixtures and equipment in the San Diego Marriott Del Mar as such exists as of the date of this Agreement. The actual and direct third party costs in connection with acquisition and installation of the furniture, fixtures and equipment for the pool equipment, lobby, business center, health club and lobby bar and restaurant shall be not less than Eight Hundred Thousand Dollars (\$800,000).

(g) The Developer's Costs for the Hotel Project shall be not less than the amount of Forty Six Million, Nine Hundred Forty Eight Thousand, Seven Hundred Eighty One Dollars (\$46,948,781) unless another amount is mutually agreed to by the Commission and Developer each acting in their sole and absolute discretion.

(h) To carry out the operation of the Hotel Project in conformity with the terms of the Ground Lease, the Franchise Agreement and the Operator Agreement.

3. Relationship Between Commission and Developer. It is hereby acknowledged that the relationship between the Commission and the Developer is not that of a partnership or joint venture and that the Commission and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the Commission shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Hotel Project. The Developer agrees to Indemnify the Commission from any claim made against the Commission arising from a

claimed relationship of partnership or joint venture between the Commission and the Developer with respect to the development, operation, maintenance or management of the Site or the Hotel Project.

4. **Real Estate Brokerage.** Each of the Commission and the Developer represents to the other party that it has not engaged the services of any finder or other broker and that it is not liable for any other real estate commissions, broker's fees, or finder's fees which may accrue by means of the acquisition and/or conveyance of all or part of the Site, and agrees to Indemnify the other party from such further or additional commission or fees as are alleged to be due from the party making such representations.

5. **Violations Do Not Impair Liens.** No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by the DDA; provided, however, that any subsequent owner of the Site shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

6. **Covenants Run With Land.** All covenants contained in this Acquisition of Covenants Agreement shall be covenants running with the land.

7. **Covenants for Benefit of Commission.** All covenants without regard to technical classification or designation shall be binding for the benefit of the Commission, and such covenants shall run in favor of the Commission for the entire period during which such covenants shall be in force and effect, without regard to whether the Commission is or remains an owner of any land or interest therein to which such covenants relate. The Commission, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach.

8. **Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction.** The Commission is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether the Commission has been, remains or is an owner of any land or interest therein in the Site. The Commission shall have the right, if the DDA or this Agreement are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches and to avail itself of the rights granted herein to which it or any other beneficiaries of this Agreement and covenants may be entitled.

9. **Term of Covenants and Restrictions.** The Covenants contained in this Agreement shall remain in effect for the periods described herein, specifically including, without limitation, the following:

(a) The covenants set forth in subparagraphs (i), (j), (k) and (l) of Paragraph 1 hereof shall remain in effect in perpetuity.

(b) The covenants set forth in subparagraphs (c), (d), (e), (f), (g), (h) and (m) hereof shall remain in effect for the Operating Period.

(c) The covenants set forth in subparagraphs (a) and (b) of Paragraph 1 hereof shall remain in effect until the issuance of the Release of Construction Covenants for the Hotel Project.

10. Consideration. In consideration for Developer's agreement to be bound by the obligations set forth herein, the Commission shall pay to Developer the Covenant Acquisition Consideration. "Covenant Acquisition Consideration" means the sum of Ten Million, Seven Hundred Eighteen Thousand Dollars (\$10,718,000) which sum shall be deposited in the Commission Funds Account concurrently herewith, and from the Commission Funds Account shall be disbursed into the Escrow Construction Account in two stages as follows: (a) the sum of Six Million, One Hundred Thousand Dollars (\$6,100,000) shall be so disbursed upon completion of the Structural Shell as provided in Section 3.c.1.2 of the Scope of Development; and (b) the sum of Four Million, Six Hundred Eighteen Thousand Dollars (\$4,618,000) shall be so disbursed to pay for the balance of Developer's Costs for the Hotel Project upon certification by the Lender and the Project Architect, each under penalty of perjury, that the remaining unpaid balance of the Developer's Costs for the Hotel Project is not more than such amount.

11. Miscellaneous Provisions.

a. If any provision of this Agreement or portion thereof, or the application to any person or circumstances, shall to any extent be held invalid, inoperative or unenforceable, the remainder of this Agreement, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby; it shall not be deemed that any such invalid provision affects the consideration for this Agreement; and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

b. This Agreement shall be construed in accordance with the laws of the State of California.

c. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Developer. The rights and obligations of the Commission under this Agreement may not be assigned or otherwise transferred by the Commission except by operation of laws.

d. In the event action is instituted to enforce any of the provisions of this Acquisition Agreement, the prevailing party in such action shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorney's fees and costs.

12. Effect of Agreement. During the Term hereof, the covenants and agreements established in this Agreement shall, without regard to technical classification and designation, run with the land and be binding on each owner of the Site and any successor in interest to the Site, or any part thereof (including each parcel thereof), for the benefit of and in favor of the Commission.

IN WITNESS WHEREOF, the parties hereto has executed this instrument the day and year first hereinabove written.

COMMISSION:

**ESCONDIDO COMMUNITY
DEVELOPMENT COMMISSION**, a public
body, corporate and politic

By: _____
_____, Chairman

ATTEST:

Commission Secretary

APPROVED AS TO FORM:

Commission Legal Counsel

STRADLING YOCCA CARLSON & RAUTH

Special Legal Counsel to Commission

<SIGNATURE PAGE CONTINUES ON FOLLOWING PAGE >

DEVELOPER:

ESCONDIDO DEVELOPMENT, LLC,
a Delaware limited liability company

By: Transcan Escondido Hotel Owners, LLC,
a Delaware limited liability company
Co-Managing Member

By: _____
Robert Bahen,
Managing Member

C. W. CLARK, INC.,
a California corporation,
Co-Managing Member

By: _____
Craig W. Clark,
President

APPROVED AS TO FORM:

Developer's Legal Counsel

ATTACHMENT NO. 11 BUDGET

SUMMARY DEVELOPMENT BUDGET ESCONDIDO MARRIOTT HOTEL & CONFERENCE CENTER

Revision #16		4/30/2010		
PROJECT SUMMARY		HOTEL & CONFERENCE CENTER	UNDERGROUND PARKING GARAGE	PROJECT TOTAL
LAND ASSEMBLY / SITE ACQUISITION COST:				
1. Land Purchase Cost		\$0	\$0	\$0
2. Real Estate Fees & Expenses - Land Purchase		\$28,950	\$4,550	\$33,500
3. Engineering Studies / Entitlement Cost		\$2,232,683	\$326,960	\$2,559,643
4. Real Estate Fees - Final Completion		\$23,925	\$5,075	\$29,000
	S.T.	\$2,285,558	\$336,585	\$2,622,143
HARD COST (CONSTRUCTION):				
5. Hard Construction Costs		\$23,750,109	\$8,414,489	\$32,164,598
Sitework		\$1,621,436	\$333,360	\$1,954,796
Design Consultants		\$2,292,490	\$210,000	\$2,502,490
FF&E Allowance		\$4,950,000	\$0	\$4,950,000
Contingency		\$1,800,000	\$200,000	\$2,000,000
Total Construction Cost	S.T.	\$34,414,035	\$9,157,849	\$43,571,884
HARD COST (UNDER PERFORMANCE BOND RIDER):				
6. Utility Service Distribution Fees		\$144,375	\$30,625	\$175,000
7. Public Art		-	-	-
8. Telephone Systems		\$272,780	-	\$272,780
9. Computer System / P.O.S.		\$371,238	-	\$371,238
10. MATV / CATV System		\$61,800	-	\$61,800
11. Audio Visual System		\$75,000	-	\$75,000
12. Security System Equipment		w/Construction	-	w/Construction
13. Electric Locksets / Cardreaders		w/Construction	-	w/Construction
14. Kitchen Equipment		\$851,000	-	\$851,000
15. Laundry Equipment		\$5,438	-	\$5,438
16. FF&E		\$0	-	\$0
17. OS&E		\$1,366,142	-	\$1,366,142
18. Signage & Graphics		\$175,000	\$10,500	\$185,500
19. Parking Garage Equipment		w/construction	w/construction	w/construction
20. Loading Dock Equipment		w/construction	-	w/construction
21. Window Washing Equipment		w/Construction	-	w/Construction
22. Grounds Maintenance Equipment		\$10,000	\$3,000	\$13,000
	S.T.	\$3,332,772	\$44,125	\$3,376,897
TOTAL HARD COSTS: JAYNES CONTRACT / PERFORMANCE BOND AMOUNT		\$37,746,807	\$9,201,974	\$46,948,781
DEVELOPER'S SOFT COST:				
23. Design Consultants		\$0	\$0	\$0
24. Specialty Consultants		\$589,248	\$36,752	\$626,000
25. Purchasing Agent Fees		\$107,500	-	\$107,500
26. Developer Overhead & Fees		\$1,793,547	\$446,710	\$2,240,257
27. Misc. Developer Expenditures		\$164,600	\$11,025	\$175,625
28. Technical Services Fees		\$347,500	-	\$347,500
29. City Permit & Fees		\$1,322,357	\$294,846	\$1,617,203
30. Licensing Fees / Operating Permits		\$7,500	-	\$7,500
31. Testing & Inspections		\$163,648	\$58,072	\$221,720
32. Legal & Accounting		\$312,375	\$15,750	\$328,125
33. Marketing / Pre-Opening		\$1,326,859	-	\$1,326,859
34. Hotel Loan Interest Reserve		\$4,300,000	-	\$4,300,000
35. Working Capital		\$250,000	-	\$250,000
36. Insurance During Construction		\$172,140	\$42,988	\$215,128
37. Taxes During Construction		\$604,967	\$58,763	\$663,730
38. General Contingency		\$1,630,099	\$214,535	\$1,844,634
	S.T.	\$13,082,340	\$1,179,441	\$14,271,781
FINANCING COST:				
39. Construction Financing Fees		\$5,956,545	\$0	\$5,956,545
	S.T.	\$5,956,545	\$0	\$5,956,545
TOTAL		\$59,081,250	\$10,718,000	\$69,799,250
% Allocation of Total Project Cost		82.5%	17.5%	100.0%

FINANCING ANALYSIS		Hotel	Parking Garage	Project Total
Equity Contribution	5.73%	\$4,000,000	-	\$4,000,000
CITY CONTRIBUTION	15.36%	\$0	\$10,718,000	\$10,718,000
Construction Loan Debt	78.91%	\$55,081,250	-	\$55,081,250
	100.00%	\$59,081,250	\$10,718,000	\$69,799,250

ATTACHMENT NO. 12
GUARANTY AGREEMENT

Dated as of June 11, 2010

In order to induce the ESCONDIDO COMMUNITY DEVELOPMENT COMMISSION, a public body, corporate and politic ("Commission"), to enter into the Disposition and Development Agreement with ESCONDIDO DEVELOPMENT, LLC, a Delaware limited liability company ("Developer") dated _____, 2010 (the "DDA"), and in consideration thereof BAHEN ENTERPRISES, LLC California limited liability company and ROBERT H. BAHEN, a married man (hereinafter referred to as the "Guarantors") executed this Guaranty ("Guaranty") in favor of the Commission. This Guaranty is made, in part, with reference to the following relevant facts:

RECITALS

A. Pursuant to the terms of the DDA, Developer acquired certain property as defined in the DDA. All capitalized terms not defined herein shall have the meaning set forth in the DDA unless the context dictates otherwise.

B. Pursuant to the terms of the DDA, Developer has agreed, as follows:

1. To be bound by the terms of the DDA, including the construction of the Hotel Project in accordance with DDA free and clear of any mechanic's liens, materialmen's liens or equitable liens.

2. All costs of constructing the Hotel Project shall be paid when due.

3. To be bound by the terms of the Acquisition of Covenants Agreement and the Ground Lease.

The obligations of Developer under the DDA are hereafter referred to as the "Guaranty Obligations." In the event of any conflict between the terms of the DDA and the description thereof in this Recital B, the terms of the DDA shall prevail.

NOW, THEREFORE, in consideration of the covenants exchanged herein, and as part of the consideration for the Commission to enter into the DDA with Developer, and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties agree as follows:

Guarantors, jointly and severally, absolutely, unconditionally, and irrevocably guarantee and promise to fully, completely and punctually satisfy the Guaranty Obligations in accordance with the terms of this Guaranty.

Notwithstanding any contrary provision in this Guaranty, the Commission shall not have the right to enforce this Guaranty against Guarantors, unless Developer is in Default of its obligations under the DDA.

This Guaranty is an absolute guaranty of performance and not of collection and shall survive termination of the DDA. Guarantors expressly agree that until the Guaranty Obligations are performed in full, Guarantors shall not be released by or because of any waiver, extension, modification, forbearance, delay, or other act or omission of the Commission, or Commission's failure to proceed promptly against Developer or Guarantors.

Guarantors agree that (i) each is directly and primarily liable to the Commission, (ii) the Guaranty Obligations are independent of the obligations of Developer, (iii) the obligations of the Guarantors are joint and several; and (iv) a separate action or actions may be brought and prosecuted against Guarantors whether or not Developer is joined in any such action or actions. Guarantors agree that the liability of Guarantors under this Guaranty shall in no way be limited by (a) the release or discharge of Developer in any creditor proceeding, receivership, bankruptcy or other similar proceeding, (b) the impairment, limitation or modification of the liability of Developer or of any remedy for the enforcement of Developer's liability, resulting from the operation of any present or future provision of Title 11 of the United States Code, as amended, or any other statute or proceeding affecting creditors' rights generally, (c) the rejection or disaffirmance of the any Guaranty Obligations or any portion thereof in any such proceeding, or (d) the cessation, from any cause whatsoever, whether consensual or by operation of law, of the liability of Developer to the Commission. In the event that bankruptcy, insolvency, receivership or similar creditors rights proceedings are instituted against Developer, Guarantors hereby waive any rights of indemnification and/or subrogation it may have against Developer.

In the event of a default by Developer in the performance of the Guaranty Obligations, Commission shall give written notice of such default to Guarantors and Guarantors shall commence to cure such default within five (5) business days of the receipt of the notice of default. If Guarantors fail to satisfactorily commence to cure the default within such five (5) business day business day period, Commission may perform any and all of the Guaranty Obligations by or through itself and/or any agent, contractor or subcontractor selected by Commission, in its sole discretion, and Guarantors shall indemnify Commission with respect to Claims and Liabilities suffered or incurred by Commission.

Guarantors hereby waive any right to assert against the Commission as a defense, counterclaim, set-off or cross-claim any defense (legal or equitable), set-off, counterclaim, and/or claim which Guarantors may now or at any time hereafter have against Developer.

Guarantors hereby waive all presentments, demands for payment and/or performance, notices of non-performance, protests, notices of protest, notices of dishonor, notices of default, notice of acceptance of this Guaranty, diligence in collection, and all other notices or formalities to which Guarantors may be entitled or notices which may be required in order to charge Guarantors with liability hereunder.

Without limiting the generality of any of the foregoing waivers or any other provision of this Guaranty, Guarantors further waive any waiver by Commission of any of Commission's rights under California Civil Code Section 2822. Guarantors further waive any rights, defenses and benefits which might otherwise be available to Guarantors under California Civil Code Sections 2787