

Hyatt
Management Agreement
+ Amendments 1-8

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MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT is executed as of August 10, 1976, by and between ISLANDIA ASSOCIATES, LTD., a California limited partnership, of which AMGREEN, INC., a California corporation, is the general partner (hereinafter called "Owner"), and CALIFORNIA HYATT CORPORATION, a Delaware corporation (hereinafter called "Hyatt").

RECITALS

The City of San Diego (the "City") owns or controls certain improved land and a portion of Mission Bay (herein collectively called the "Land") at Mission Bay, in the City of San Diego, County of San Diego, State of California, more particularly described in Exhibit A-1 attached hereto and hereby made a part hereof.

Owner has control of the Land through that certain Lease with the City (the "City Lease") described in Section 7.7 hereof whereby the Land has been leased to the lessee thereunder for a term of fifty (50) years from March 21, 1961.

The Land has been developed as a hotel and marina complex composed of (i) hotel and restaurant improvements (the

"Existing Hotel Improvements"), and (ii) marina improvements (the "Existing Marina Improvements"), including fuel docks, slips for berthing boats, and two buildings known, respectively, as the "Marlin Club" and the "Sports Fishing Building." The land and water underlying the Existing Hotel Improvements are herein collectively referred to as the "Site," and the waters underlying the Existing Marina Improvements are herein collectively referred to as the "Marina Site".

The Existing Hotel Improvements include a highrise tower, together with two two-story buildings, comprising, in the aggregate, approximately 348 guest rooms, and a free standing restaurant building rising above Mission Bay. Such Existing Hotel Improvements are furnished and equipped with certain personal property owned by Owner (herein called the "Existing Personalty") consisting of furniture, furnishings, equipment and other personal property suitable for the operation of a hotel, including a bar and restaurant. The Site, the Existing Hotel Improvements and the Existing Personalty (all herein collectively referred to as the "Existing Hotel") have been used for the operation of a hotel known as "Islandia Hyatt House."

Owner and Hyatt desire to enter into an agreement whereunder Hyatt will manage the Hotel (as hereinafter defined) for the account of Owner, upon the terms and conditions hereinafter set forth. The Marina Site, together with the improvements thereon, will be operated by Owner and is, therefore, excluded from the scope of this Management Agreement.

AGREEMENT

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Construction of Convention Facilities;

Definitions.

1.1 Construction of Convention Facility.

(a) Owner shall, at its sole risk, cost and expense, with reasonable diligence and in accordance with plans and specifications approved by Hyatt, (i) cause a convention center (the "Convention Center") comprising approximately 10,000 square feet to be constructed upon land located between the restaurant building and the building containing the hotel lobby, and (ii) cause to be purchased and installed in or about the Convention Center all personal property necessary or desirable for the operation of such Convention Center, such Convention Center and such personal property being herein collectively called the "Convention

Center Facility." As soon as reasonably practicable after completion of the Convention Center Facility, Owner shall furnish to Hyatt, in reasonable detail, the total cost (herein referred to as the "Project Cost") to Owner of completing the Convention Center Facility. The Convention Center Facility shall be deemed completed when construction of the Convention Center and the installation of all necessary personal property shall have been completed in accordance with all applicable laws and regulations and in accordance with the plans and specifications approved by Hyatt so that the Convention Center Facility will be available for use and operation by Hyatt. The representatives of Hyatt shall be accorded access to the records of Owner for the purpose of verifying the Project Cost.

(b) An amount equal to fifteen percent (15%) of the Project Cost is herein referred to as the "Annual Amortization" and an amount equal to one-twelfth (1/12) of the Annual Amortization is herein referred to as the "Monthly Project Cost Amortization."

Commencing with the calendar month next succeeding the completion of the Convention Center Facility and for a period of 120 calendar months, there shall be deducted in computing Profit for each calendar month an amount equal to the Monthly Project Cost Amortization not to exceed, however, the sum of \$6,250.

1.2 "FFE" Defined.

"Operating Equipment," as used herein shall mean all uniforms, tools, utensils, china, glassware, linens, silverware and the like from time to time during the Term (as hereinafter defined) on hand for use in connection with the operation of the Hotel.

"Furnishings and Equipment," as used herein, shall mean all other items of tangible personal property from time to time during the Term on hand for use in connection with the operation of the Hotel. "FFE," as used herein, as of any given time during the Term, shall mean the Operating Equipment and the Furnishings and Equipment then on hand for use in connection with the operation of the Hotel (including items to be purchased and installed pursuant to Section 1.1).

1.3 Improvements, Marina Improvements, Hotel Development and Marina Development.

As used herein, the "Improvements" shall, as of any given time during the Term, mean all improvements then existing on or above the Site, including the Existing Hotel Improvements and the improvements made pursuant to the provisions of Section 1.1. As of any given time during the Term, the "Marina Improvements" shall mean all improvements then existing on, about or within the Marina Site. As used

herein, the "Hotel Development" shall, as of any given time during the Term, mean the Site and the Improvements. As used herein, the "Marina Development" shall, as of any given time during the Term, mean the Marina Site and the Marina Improvements.

1.4 "Hotel" Defined.

As used herein, the "Hotel" shall, as of any given time during the Term, mean the Site, the Improvements, and the FFE then on hand (exclusive of the Marina Development, or any part thereof).

1.5 First-class Hotel Standard.

The term "first-class hotel" refers, as of any given time, to such other hotels located in the vicinity of the Hotel as are then most nearly comparable in quality to the Hotel. A "first-class hotel standard" refers to the standard pursuant to which first-class hotels are operated and, as respects construction, furnishing and equipment matters, pursuant to which first-class hotels are constructed, furnished and equipped.

1.6 Qualified Mortgage.

A "Qualified Mortgage" shall be a mortgage or deed of trust upon Owner's right, title and interest in and to (i) the City Lease and (ii) the Hotel Development or the

Hotel Development plus the Marina Development, which mortgage or deed of trust shall hereafter be executed by Owner in favor of an insurance company or other lending institution as beneficiary securing a permanent loan made to Owner for the purpose of refinancing the existing deed of trust upon such right, title and interest, whether or not such permanent loan shall also be secured by the FFE. The mortgagee or beneficiary named in a Qualified Mortgage or any affiliate thereof is herein referred to as a "Qualified Mortgagee." An "affiliate" of such mortgagee or beneficiary shall mean a corporation included in an "affiliated group," as that term is defined in Section 15.04(a) of the Internal Revenue Code as presently in effect, and of which such mortgagee or beneficiary is the common parent corporation.

Section 2. Term of Agreement.

The term of this Agreement (herein called the "Term") shall commence on August 10, 1976 (the "Commencement Date"), and shall end at midnight, December 31, 1994.

Section 3. Use and Operation of the Hotel.

3.1 Use and Standard of Operation.

(a) Except to the extent excused, as herein-after provided, Hyatt agrees that it will, as the agent of Owner, operate the Hotel during the Term in conformity with a first-class hotel standard, and shall use the Hotel solely

for the operation of a hotel business conforming to a first-class hotel standard, and for other activities which are customary and usual in connection with such an operation. Hyatt shall use reasonable efforts to conduct, on behalf of Owner, such hotel business and such other activities in such manner as to produce, to the extent reasonable, a maximum amount of Profit (as that term is defined in Section 5.2 hereof) for the benefit of both parties hereto. Except as otherwise specifically limited under this Agreement, Hyatt, as sole and exclusive agent of Owner, shall (subject to compliance with the provisions of Section 6.2 hereof) have, among other things, the power to enter into such reasonable contracts in the name and at the expense of Owner as may be reasonably necessary or advisable in connection with the operation of the Hotel (subject, however, to Owner's right to approve contracts with a corporation or a person or persons controlling, controlled by, or under common control or affiliated with Hyatt), the power to determine the terms of admittance, charges for rooms and commercial space, charges for entertainment, food and beverages, labor policies (including wage rates, the hiring and discharging of employees, and the installation of employee retirement or other benefit plans), and all phases of promotion and publicity relating to the Hotel,

provided that whenever the position of general manager for the Hotel is to be filled Hyatt shall, in advance, consult with Owner on the selection of the general manager (but no approval of Owner shall be required).

Except for executive staff members (as hereinafter provided), all employees of the Hotel shall be the employees of Owner. In this connection: (i) Hyatt shall not be liable to such employees for their wages or compensation (which shall be paid out of the operating accounts referred to in Section 3.3), (ii) Hyatt will negotiate, on Owner's behalf, with any labor union entitled to represent such employees, but any collective bargaining agreement or labor contract resulting therefrom shall first be approved by Owner and Owner shall be the only authorized person to execute the same, and (iii) Hyatt, at its option, instead of hiring specific personnel, may assign employees of Hyatt or any of its affiliates as full time or part time members of the executive staff of the Hotel, and in such event, Hyatt shall, as necessary, withdraw from the operating accounts referred to in Section 3.3 the amounts required to reimburse Hyatt or such affiliates for the wages, salaries and other compensation, employment taxes and fringe benefits payable from time to time by Hyatt or such affiliates in respect of such assigned employees. In the event and whenever

Hyatt shall assign employees as part time members of the executive staff of the Hotel, a reasonable allocation shall be made of the wages, salaries and other compensation, employment taxes and fringe benefits payable in respect of such employees between the portions thereof chargeable to the Hotel and to Hyatt, respectively. The term "fringe benefits" shall, without limitation, include any pension or profit sharing plan contributions, workmen's compensation insurance, group life and accident and health insurance premiums and similar benefits available to such employees by virtue of their employment by Hyatt.

Any provision of this Agreement to the contrary notwithstanding, in the event that a Qualified Mortgagee or an affiliate thereof shall succeed to Owner's rights hereunder (i) as a result of the exercise of a power of sale or a judicial foreclosure under the Qualified Mortgage held by such Qualified Mortgagee or (ii) as the result of the delivery by Owner of a deed in lieu of foreclosure, then all employees of the Hotel shall thereafter be the employees of Hyatt and so long as such employees shall be the employees of Hyatt the following provisions shall apply:

(1) In the event and whenever Hyatt shall be subject to any tax, irrespective of its designation (including a fee, charge or other imposition for

the issuance of a license, permit or the privilege to conduct a business or occupation), imposed, levied or assessed by the United States, the State of California, the County of San Diego, or the City of San Diego or by any subdivision or agency of the foregoing, which tax is measured by reimbursements for wages and salaries and any fringe benefits paid to or in respect of employees of the Hotel, then, and in any such event, Owner will indemnify and hold Hyatt harmless from and against any and all liability for such tax or taxes.

(2) At Owner's request, Hyatt will resist, by appropriate proceedings, any liability for any tax which is the subject of the foregoing indemnification, in which case all costs and expenses (including, without limitation, attorneys' fees) incurred by Hyatt in resisting or defending itself against such liability shall be borne and paid for by Owner.

(b) Notwithstanding anything in this Section 3.1 or elsewhere in this Agreement contained, Hyatt shall be excused from its obligation to operate the Hotel in conformity with a first-class hotel standard, (i) to the extent and whenever Hyatt shall be prevented from compliance with such standard by events beyond Hyatt's reasonable control, (ii) to the extent and whenever there shall be insufficient funds

in the operating accounts, and (iii) to the extent and when-
ever there is herein provided a limitation upon Hyatt's
ability to expend funds in respect of the Hotel (for
example, the limitations contained in Section 5.4 hereof
respecting monies available for the replacement of, and
additions to, Furnishings and Equipment), provided that the
failure to expend funds by reason of the operation of such
limitation shall reasonably prevent Hyatt from meeting such
standard. It is expressly agreed and understood that each
and every provision contained in this Agreement pursuant to
which Hyatt is excused from its obligation to operate the
Hotel in conformity with a first-class hotel standard shall
operate without prejudice to any other remedy (including,
without limiting the generality of the foregoing, the right
to terminate this Agreement) which Hyatt shall have under
the terms of this Agreement.

3.2 Leases and Concessions.

(a) Hyatt shall not, without the approval of
Owner, arrange leases or concessions for any hotel operations,
any restaurant or food service operations or for any other
commercial operation in or about the Hotel. Any such lease
or concession so approved shall be entered into in Owner's
name and shall be executed by Owner.

(b) Hyatt shall, during the Term, use

reasonable efforts to perform, as agent for Owner, all of the obligations of Owner as landlord or concessionaire under any and all leases and concessions hereafter made or granted with respect to the Hotel.

(c) Hyatt shall collect all rents and other sums falling due during the Term under any present or future lease or concession, and shall deposit the same in the operating accounts.

3.3 Bank Accounts.

There shall be deposited in a bank or banks designated by Owner and in accounts established in Owner's name ("operating accounts") all monies advanced to the Hotel as working capital by Owner, as provided in Section 7.1 hereof, and all monies received by Hyatt from the operations of the Hotel, and Hyatt shall pay out of the operating accounts, to the extent of the funds from time to time therein, all costs and expenses incurred in connection with the operation of the Hotel, all other items entering into the calculation of Profit hereunder, and all other amounts required to perform its obligations hereunder. Checks or other documents of withdrawal drawn upon the operating accounts shall be signed by representatives of Hyatt or Hotel employees designated by Hyatt, as agent for Owner, which persons drawing on such accounts shall be bonded or otherwise insured.

3.4 Negotiation of Partnership or Joint Venture.

Nothing in this Agreement contained shall constitute, or be construed to be or to create, a partnership, joint venture or lease between Owner and Hyatt with respect to the Hotel, and the rights of Owner to receive an amount based on the financial returns from the operation of the Hotel shall not, except as elsewhere herein specifically provided, be deemed to give Owner any interest, control or discretion in the operation of the Hotel which is vested in Hyatt, as agent for Owner, pursuant to this Management Agreement.

Section 4. Management Fees and Remittances to Owner.

4.1 Definitions.

(a) A "fiscal year" hereunder shall mean a period of twelve (12) consecutive months included in the Term and ending on December 31st, except that the first fiscal year hereunder shall commence on the Commencement Date and end on December 31, 1976.

(b) "Gross Receipts" derived from the Hotel during any fiscal year or calendar month shall (subject to the exclusion hereinafter provided) mean all revenues and income of any kind properly accrued during such fiscal year or calendar month and derived, directly or indirectly, from the Hotel during such fiscal year or calendar month, including

without limitation, all revenues derived from the sale or rental of rooms, food and beverages during such fiscal year or calendar month (without taking into account any costs incurred in respect of such sales or rentals), all rents or sums payable under leases or concessions affecting the Hotel by tenants and concessionaires in respect of such fiscal year or calendar month (but not the gross receipts of such tenants or concessionaires) and the net proceeds (after deduction of the expenses of adjustment and collection) of use and occupancy or other similar insurance in respect of the Hotel actually received during such fiscal year or calendar month. There shall be excluded from "Gross Receipts" (as such term is used herein) (i) the amount of all sales and other tax receipts required to be accounted for and paid by Owner to any government or governmental agency, and (ii) the amount of any gratuities paid or incurred by guests, patrons or customers of the Hotel and paid or payable to the employees thereof.

(c) The "Cumulative Period" in respect of any month included in a fiscal year shall mean the period commencing on the first day of such fiscal year and ending on the last day of such calendar month.

The Gross Receipts for any Cumulative Period shall mean the sum of the Gross Receipts (as defined

in the foregoing paragraph (b) of this Section 4.1) for each calendar month included in such Cumulative Period. The Profit for any Cumulative Period shall mean the sum of the amounts of Profit (as defined in Section 5.2 hereof) for each calendar month included in such Cumulative Period, such sum to be determined after taking into account any deficit in Profit for any such calendar month.

4.2 Hyatt's Annual Management Fee.

For each fiscal year Hyatt shall receive, in respect of its management services hereunder, an amount (the "Annual Management Fee") equal to the sum of the Basic Fee and Incentive Fee, as provided in the ensuing clauses (a) and (b):

(a) For each fiscal year, Hyatt shall receive a Basic Fee equal to four percent (4%) of the Gross Receipts for such fiscal year; and

(b) For any fiscal year for which there is a Profit Hyatt shall receive, in addition to the Basic Fee, an Incentive Fee equal to the amount (if any) by which twenty percent (20%) of the Profit for such fiscal year exceeds the Basic Fee payable for such fiscal year.

4.3 Time and Manner of Payment.

With respect to any fiscal year and each calendar month included therein, the Basic Fee and the

Incentive Fee shall each be payable in tentative monthly installments of the respective amounts hereinafter provided, which tentative monthly installments on account of such Basic Fee and Incentive Fee for any such calendar month shall be paid by Hyatt withdrawing the same at any time after Hyatt shall furnish to Owner the unaudited financial statement for such calendar month, pursuant to Section 7.4 hereof.

With respect to each calendar month included in any fiscal year:

(a) The tentative month installment on account of the Basic Fee shall equal four percent (4%) of the Gross Receipts for the Cumulative Period in respect of such calendar month, less the aggregate amount of the tentative monthly installments having theretofore become payable for such fiscal year on account of such Basic Fee; and

(b) The tentative monthly installment on account of the Incentive Fee shall equal (i) the excess, if any, of twenty percent (20%) of the Profit for the Cumulative Period in respect of such calendar month over four percent (4%) of the Gross Receipts for such Cumulative Period, less (ii) the aggregate amount of the tentative monthly installments having theretofore

become payable for such fiscal year on account of such Incentive Fee.

If, for any fiscal year, the aggregate amount of the tentative monthly installments paid to Hyatt on account of the Basic Fee and Incentive Fee shall be more or less than the Annual Management Fee payable for such fiscal year based upon the final determination of Gross Receipts and Profit for such fiscal year as reflected in the Certified Financial Statement for such fiscal year referred to in Section 7.4 hereof, then, by way of year-end adjustment, within fifteen (15) days after the delivery of such Certified Financial Statement to Owner, Hyatt shall pay into the operating accounts the amount of any such overpayment or withdraw from the operating accounts the amount of any such underpayment.

4.4 Remittances to Owner.

Contemporaneously with furnishing the monthly statement for each calendar month pursuant to Section 7.4 hereof, Hyatt shall remit to Owner out of the operating accounts an amount (the "Owner's Remittance Amount") by which the total funds then in the operating accounts exceed the amount then reasonably required to be maintained in the operating accounts in order to carry on the operation of the Hotel pursuant to a first-class standard and so that Hyatt

may perform its obligations hereunder. Except as otherwise provided in Section 7.7, each remittance shall be paid to Owner, at Owner's address then in effect hereunder for receipt of notices hereunder by Owner, or at such other place as Owner may, from time to time, designate in a notice to Hyatt.

4.5 Supplemental Payment.

In addition to the Owner's Remittance Amount to be paid by Hyatt under Section 4.4, Hyatt shall pay, in respect of each calendar month during the Term, as a supplemental payment to Owner, the amount deductible under Section 5.4 hereof in respect of such calendar month, and payable under Section 5.4 into the Fund for Replacements of and Additions to Furnishings and Equipment referred to therein, such amount to be paid by Hyatt into such Fund for the account of Owner.

Section 5. Determination of Profit.

5.1 Books and Records.

Hyatt shall keep full and adequate books of account and other records reflecting the results of the operation of the Hotel. Such books and records shall be kept in all material respects in accordance with the then latest edition of the Uniform System of Accounts for Hotels (the "Uniform System"), as adopted by the American Hotel Association, except as otherwise specified in this Agreement.

5.2 "Profit" Defined.

There is attached hereto as Exhibit B, and hereby made a part hereof, a copy of page 12 of the Uniform System, Sixth Revised Edition (the "Current Uniform System"), showing the items of income and expense which are taken into account in determining "Gross Operating Profit."

The "Profit" derived from the Hotel for any period shall mean the Gross Operating Profit of the Hotel for such period, determined in accordance with the Current Uniform System, without regard to any supplements or amendments thereto hereafter adopted, but without taking into account any deduction for management fees payable under Section 4 hereof, and less deductions for the following amounts (but only to the extent that such amounts are not otherwise deducted under the Current Uniform System in computing Gross Operating Profit):

(a) An amount equal to the aggregate deductions made for such period under Section 5.3 hereof;

(b) An amount equal to the aggregate deductions made under Section 5.4 for such period;

(c) The amount deductible for such period pursuant to Section 7.1(b) hereof;

(d) The Hotel's prorata share of Allocable Chain Expense for such period, in accordance with Section 7.2;

(e) Premiums on insurance maintained in accordance with Section 8.1 and properly allocable to such period provided that the amount deductible for premiums on policies maintained pursuant to Section 8.1 hereof shall be subject to the limitation provided in paragraph (b) of such Section 8.1;

(f) All real and personal property taxes referred to in Section 7.6 and properly allocable to such period;

(g) All costs and expenses incurred during such period in respect of items described in Section 6;

(h) Equipment rentals accrued during such period to the extent deductible under Section 5.5 hereof; and

(i) All other reasonable costs and expenses incurred during such period in the operation of the Hotel and all other amounts deductible in respect of such period under the terms of this Agreement.

5.3 Deduction for Replacements of Operating Equipment.

Hyatt shall deduct, in determining the Profit for any period, all amounts incurred during such period for replacements of or additions to Operating Equipment.

5.4 Fund for Replacement of and Additions to
Furnishings and Equipment.

(a) During each fiscal year Hyatt shall deduct for each calendar month included in such fiscal year an amount determined by multiplying the "applicable amount" for such calendar month by the number of key guest rooms in the Hotel and shall pay such amount deducted into a fund to be entitled "Fund for Replacement of and Additions to Furnishings and Equipment," which Fund shall be maintained on deposit by Hyatt, in trust for Owner, in an interest bearing account or as otherwise invested subject to approval by Owner. The monies in such Fund shall be the property of Owner. All income generated from the amounts in such Fund shall be excluded from Gross Receipts and in computing Profit, and shall remain part of such Fund. To the extent that Hyatt shall be required to pay any income taxes on such income as a fiduciary, the same shall be payable out of such Fund after approval by Owner of any required fiduciary return. The "applicable amount" shall be \$30.20 for each calendar month included in the first fiscal year. At the end of the first fiscal year and at the end of each fiscal year thereafter, the "applicable amount" shall be adjusted so as to bear the same ratio to \$30.20 as the Cost of Living Index last published prior to such adjustment date bears to

the Cost of Living Index in effect on December 31, 1975. Each such adjusted "applicable amount" shall be effective with respect to each calendar month included in the ensuing fiscal year. Reference herein to "Cost of Living Index" shall mean the U.S. Labor Department Consumer Price Index - All Items, U.S. Average (1967=100). In addition to such payments into such Fund, all proceeds from the sale of Furnishings and Equipment no longer needed for the operation of the Hotel shall also be paid into such Fund. Hyatt shall be entitled to withdraw from such Fund any amounts required to make all replacements of, and additions to, the Furnishings and Equipment reasonably deemed by Hyatt to be necessary or desirable, and the items of Furnishings and Equipment so replaced or added shall be and become, forthwith upon acquisition and installation, and without further act or action, the property of Owner. All such replacements and additions shall be purchased by Hyatt at competitive prices. Any amounts remaining in such Fund at the termination or expiration of the Term shall be returned by Hyatt to Owner.

(b) Hyatt shall not, without the approval of Owner, expend any monies as agent for Owner for replacements of, or additions to, the Furnishings and Equipment in excess of the amount then existing in the Fund, and, notwithstanding anything else to the contrary in this Agreement contained,

Hyatt's obligations with respect to additions to, or replacements of, Furnishings and Equipment shall be excused to the extent that the amount in such Fund is inadequate to meet such obligations.

Anything to the contrary in the foregoing provisions of this Section 5.4 contained notwithstanding, the following provisions shall apply with respect to the fiscal years ending December 31, 1976 and 1977, respectively:

(1) Each of the fiscal years ending December 31, 1976 and 1977, respectively, is herein called an "Eligible Year," the former being herein referred to as the "First Eligible Year" and the latter as the "Second Eligible Year." With respect to the First Eligible Year, the "Applicable Year of Restoration" shall be the fiscal year ending December 31, 1980, and with respect to the Second Eligible Year the "Applicable Year of Restoration" shall be the fiscal year ending December 31, 1979.

(2) In the event that, for any Eligible Year, the aggregate amount paid by Hyatt into the Fund for Replacement of and Additions to Furnishings and Equipment (the "Fund") referred to in the foregoing paragraph (a) of this Section 5.4 shall exceed the aggregate amount withdrawn by Hyatt from the Fund in

compliance with such paragraph (a), then, at any time after the expiration of such Eligible Year, Owner shall have the right to withdraw from the Fund a sum equal to the lesser of (i) the amount of such excess or (ii) two-thirds (2/3) in the case of the First Eligible Year, and one-third (1/3) in the case of the Second Eligible Year, of the aggregate amount paid into the Fund during such Eligible Year. The amount so withdrawn with respect to any Eligible Year shall be deemed to be additional Profit for such Eligible Year and shall be restored to the Fund during the Applicable Year of Restoration by increasing the monthly payments into the Fund during such Applicable Year of Restoration (over the amount that would otherwise be payable pursuant to such paragraph (a)) by one-twelfth (1/12) of the amount so withdrawn.

5.5 Equipment Rentals.

Hyatt shall, as agent for Owner, pay out of the operating accounts, to the extent of the funds from time to time therein, all amounts falling due during the Term under leases now existing or hereafter made ("Equipment Leases") covering items of FFE, including leases with companies affiliated with Owner. However, for the purpose of determining Profit hereunder, rentals under Equipment

Leases shall not be deducted except for rentals relating to television sets and that portion of the rentals payable under any Equipment Leases which are properly allocable to a repair and maintenance obligation on the part of the lessor thereunder or to personal property taxes.

5.6 Activities and Expenses Shared by Hotel
Development and Marina Development.

The parties recognize that certain facilities, activities or functions will be common to, or shared by, the Hotel Development and the Marina Development or the respective operation thereof, and that an arrangement may be feasible whereby employees engaged in the operation of the Marina Development will perform services benefiting the Hotel Development and employees engaged in the operation of the Hotel Development will be performing services benefiting the Marina Development (such employees of either category being herein referred to as "shared employees"). It is further recognized that, in addition to the compensation of shared employees, other expenses will be incurred in connection with the operation of the Hotel Development and the Marina Development, respectively, which cannot be wholly allocated to the former or the latter and that a proper allocation of such expenses, including the compensation of shared employees (hereinafter called "Allocable Expenses"), will be required.

The parties agree to cooperate, each with the other, in making such arrangements for the sharing of facilities, activities and functions (including the services of shared employees) as shall reasonably accommodate the interests of Hyatt and Owner in connection with the operation of the Hotel Development and the Marina Development, respectively, and, as regards the Allocable Expenses for any period, to make a reasonable allocation thereof between the Hotel Development and the Marina Development.

Section 6. Repairs and Changes; Legal Requirements.

6.1 Repairs and Maintenance.

Hyatt, as agent for Owner, shall take good care of the Hotel (except for such portions thereof as are leased to tenants who undertake a duty of repair and maintenance) and maintain the same in good order and condition as may be necessary to maintain a first-class hotel standard, and make all necessary repairs thereto.

6.2 Compliance with Legal Requirements.

Throughout the Term, Hyatt as agent for Owner, except as elsewhere herein limited or excused, shall comply with all applicable requirements ("Legal Requirements") under all laws, ordinances, orders, rules and regulations of governmental authorities having jurisdiction over the Hotel. Hyatt may, as agent for Owner, but only after approval by

Owner (which may be arbitrarily withheld) contest, by appropriate legal proceedings conducted in good faith, in the name of Hyatt or Owner, or both, the validity or application of any Legal Requirements. If Owner shall approve any such contest, Owner shall execute and deliver any appropriate documents which may be necessary or proper to permit Hyatt, as agent for Owner, to prosecute such contest. Owner may, by notice to Hyatt, direct Hyatt to contest, or Owner may contest directly, any Legal Requirements which Hyatt may otherwise desire not to contest.

6.3 Alterations and Additions.

Except in order to comply with Legal Requirements and except as hereinafter provided, Hyatt shall make no alterations, additions or improvements in or to the Improvements without the approval of Owner (which approval may be arbitrarily withheld). Notwithstanding the preceding sentence, Hyatt shall (without obtaining the approval of Owner) have the right, from time to time during the Term, to make voluntary alterations, additions or improvements in or to the Improvements (which shall become part thereof for the purposes of this Agreement) in order to improve the operation of the Hotel; provided that the aggregate amount which may be incurred in respect thereof during any fiscal year shall not exceed two percent (2%) of the amount incurred under Section 6.1 hereof during the preceding fiscal year.

Section 7.

General Covenants of Hyatt and Owner.

7.1

Working Capital.

(a) Except as otherwise in this Agreement specifically provided, Owner shall, at all times during the Term, cause sufficient working capital funds to be on hand in the operating accounts to assure the timely payment of all current liabilities of the Hotel (including Hyatt's management fees payable hereunder) and all other items entering into the calculation of Profit, the uninterrupted and efficient operation of the Hotel at all times during the Term, and the performance by Hyatt of its other obligations hereunder. On the commencement of the Term, Owner shall have paid for the cost of all "Working Capital Assets" as hereinafter defined), other than cash, then reasonably required to be on hand or to be prepaid. The term "Working Capital Assets" shall mean all liquor and other licenses required to meet the applicable Legal Requirements and the current assets of the Hotel, including, without limitation, all cash on hand and in banks, accounts receivable (less a reasonable reserve for doubtful accounts), food and beverage inventory and operating supplies, and prepaid insurance and other prepaid items.

(b) As of the end of each calendar month during the Term Hyatt shall deduct, for the purpose of

computing Profit, an amount in the nature of interest equal to one-twelfth (1/12th) of the Effective Rate (as hereinafter defined) as of the end of such calendar month times the Working Capital (as hereinafter defined) as of the end of such calendar month. The "Effective Rate" as of the end of any calendar month shall mean one-half of one percentage point above the then best rate of the bank in which the main operating account for the Hotel is maintained for 90-day loans to responsible and substantial borrowers. "Working Capital" as of the end of any calendar month shall mean the excess of the cost of the Working Capital Assets (as hereinabove defined) on hand as of the end of such month over the current liabilities of the Hotel at the end of such month, such current liabilities to include the Basic Fee and Incentive Fee (if any) payable to Hyatt pursuant to Sections 4.2 and 4.3 hereof, and the Owner's Remittance Amount referred to in Section 4.4 hereof.

7.2 Chain Services.

Hyatt shall provide, or shall cause its affiliates to provide, in connection with the operation and for the benefit of the Hotel, those group benefits, services and facilities (hereinafter referred to collectively as "Chain Services") generally made available by Hyatt from time to time during the Term to hotels (which term, as used

herein, does not include Hyatt Lodges or any hotel not operated under a name which includes the word "Hyatt") operated by Hyatt or its affiliates. Chain Services presently consist of (i) convention, business and sales promotion services (including the maintenance and staffing of Hyatt's home office sales force and of regional sales offices in various parts of the United States and the world), (ii) advertising, publicity and public relations services, (iii) food and beverage, personnel and other operational departmental supervision and control services, (iv) centralized reservations services in Omaha, Nebraska, and (v) the making available of qualified personnel through the Hyatt employee training program. Neither Hyatt nor any of its affiliates shall charge or receive any profit in respect of any such Chain Services. Hyatt shall, however, be entitled to charge the operation of the Hotel and to be reimbursed for the Hotel's prorata share of "Allocable Chain Expense." "Chain Expense" for any period shall include all costs incurred during such period by Hyatt or by any of its affiliates in respect of Chain Services, other than the costs of food and beverage, personnel and other operational departmental supervision and control services. "Allocable Chain Expense" for any period shall mean all Chain Expense incurred during such period, reduced by any amounts which Hyatt or any of

its affiliates shall be entitled to be paid in respect of Chain Services furnished during such period to hotels which are situated outside of the United States (whether or not opened to the public) or which are situated in the United States but are not opened to the public (for the reason that they are under construction or are otherwise being prepared for opening). The Hotel's prorata share of Allocable Chain Expense for any period shall bear the same ratio to the Allocable Chain Expense for such period as the number of key guest rooms in the Improvements bears to the average number of key guest rooms in all hotels in the United States opened to the public and operated during such period by Hyatt or its affiliates. Each time that Hyatt shall charge the operation of the Hotel for its prorata share of Allocable Chain Expense for any period, it shall furnish to Owner a statement in reasonably sufficient detail to provide Owner with data supporting such charge. Owner may, in connection with any such statement for any period, cause an audit to be made of the books and records of Hyatt and its affiliates relating to the data furnished in such statement, including, without limitation, the Chain Expense and Allocable Chain Expense incurred during such period and the average number of key guest rooms during such period in hotels opened to the public and situated in the United States and operated by

Hyatt or its affiliates. Such audit shall be made by a national independent certified public accounting firm selected by Owner which is experienced in hotel accounting matters, and a copy of such audit shall be furnished to Hyatt. If the audit of any such statement shall disclose that such statement is inaccurate, appropriate adjustment shall be made as between Owner and Hyatt to correct such inaccuracy, and if such audit shall disclose that the charge made to the Hotel for the period covered by such statement exceeds, by two percent (2%) or more, the amount of the charge which should have been made, then Hyatt shall pay for the reasonable cost of such audit; otherwise, Owner shall pay for the cost of such audit..

7.3 Right of Inspection and Review.

Hyatt shall accord to Owner and the duly authorized officers, accountants, employees, agents and attorneys of Owner the right to enter upon any part of the Hotel at all reasonable times during the Term for the purpose of examining or inspecting the Hotel or examining or making extracts from the books and records of the Hotel operation, or for any other purpose which Owner, in its discretion, shall deem necessary or advisable, but the same shall be done with as little disturbance to the operation of the Hotel as possible.

7.4 Financial Reports.

(a) Hyatt shall deliver to Owner, within thirty (30) days after the end of each calendar month, an unaudited financial statement prepared from the books of account maintained by Hyatt and containing (i) a statement of the current assets and current liabilities of the Hotel as of the end of such calendar month, (ii) a profit and loss statement showing the results of operation of the Hotel for such calendar month and for the period from the beginning of the fiscal year in which such calendar month is included to the end of such calendar month, and (iii) a statement of the Gross Receipts for such calendar month. Within ninety (90) days after the end of each fiscal year, Hyatt shall deliver to Owner a financial statement for such fiscal year (herein referred to as the "Certified Financial Statement"), containing (i) a statement of the current assets and current liabilities of the Hotel as of the end of such fiscal year, (ii) a profit and loss statement showing the results of operation of the Hotel (including store rentals) for such fiscal year, (iii) the Gross Receipts and Profit for such fiscal year and (iv) the Annual Management Fee (broken down between the Basic Fee and the Incentive Fee) for such fiscal year, with an opinion on such Certified Financial Statement after an audit by Laventhol & Horwath or such other national firm of

independent certified public accounts as shall be selected by Owner and be approved by Hyatt. The cost of such audit in respect of such Certified Financial Statement for a fiscal year shall be charged as an expense of the operation of the Hotel for the succeeding fiscal year. If the opinion of such independent certified public accounting firm with respect to the matters set forth in such Certified Financial Statement for a fiscal year shall be an unqualified opinion, then such Certified Financial Statement shall be conclusive upon the parties hereto with respect to such matters and shall be deemed to be a final determination of the Gross Receipts and of the Profit for such fiscal year.

(b) Hyatt shall furnish to Owner, at least thirty (30) days prior to the commencement of each fiscal year other than the first fiscal year referred to in Section 4.1(a) hereof a projection of estimated income and expenses for such fiscal year broken down by calendar month. Such projection shall be advisory in nature, and Hyatt shall have no liability to Owner in the event that the actual operating results for any fiscal year shall differ from any good faith projection furnished to Owner for such fiscal year.

7.5 Owner's Warranties as to Title.

Owner warrants that the interest of Hyatt under this Agreement shall, at all times during the Term,

not be subject or subordinate (a) to any leases, mortgages, deeds of trust, security agreements or other encumbrances affecting the Hotel (herein collectively called "Encumbrances") except Encumbrances currently existing and those Encumbrances hereafter made, granted or entered into which contain, or are subject to, a non-disturbance agreement, so-called, to the effect that this Agreement shall not be subject to forfeiture or termination except in accordance with the provisions thereof, notwithstanding a default under such Encumbrance or any obligation secured thereby, or (b) to any other matters affecting title to the Hotel, except for non-delinquent real and personal property taxes and such other matters as shall not materially and adversely affect the operation of the Hotel by Hyatt. Owner further warrants that, so long as Hyatt shall not be in default hereunder, Hyatt (subject to Owner's right to terminate this Agreement in accordance with the provisions of Section 12.2 hereof) shall be entitled to operate the Hotel for the Term, and Owner shall, at no expense to Hyatt, undertake and prosecute against third parties all appropriate actions, judicial or otherwise, required to assure such right of operation to Hyatt.

7.6 Property Taxes.

During each fiscal year included in the Term,

Hyatt, as agent of Owner, shall, to the extent of funds in the operating accounts, pay, prior to delinquency, all real and personal property taxes (improvement assessments shall be deemed to be property taxes hereunder and shall be paid, and shall be deductible in computing Profit, ratably over the maximum period allowed by law for payment thereof) assessed against or properly allocable to the Hotel to the extent that the same are payable during such fiscal year and properly allocable to the Term. Such property taxes for any period which includes the Commencement Date or the date on which the Term shall expire or otherwise terminate shall be equitably prorated. Hyatt may, subject to the same restrictions as are applicable to the contest of Legal Requirements under Section 6.2 hereof, contest the amount or validity, in whole or in part of any such property tax, in which event Hyatt may postpone or defer payment of such tax to the extent allowable by law.

It is recognized that for real property tax purposes, the Hotel Development will not be separately assessed from the Marina Development. Accordingly, the parties agree to make a reasonable allocation of the real property taxes assessed against the entire hotel and marina complex (the "Complex"). Initially, and until the parties agree that a different allocation is fairer and more

reasonable, the real property taxes allocable to the Hotel shall be determined as follows:

(a) There shall be determined the percentage ratio (rounded off to the nearest 1%) which the aggregate area comprised in the Hotel Site bears to the aggregate floor area comprised in the Complex (and for the purpose of this determination the water surfaces included in the Hotel Site and in the Complex, respectively, shall be treated as part of the respective area to be taken into account). Such percentage ratio of the real property taxes and assessments assessed against all of the land in the Complex shall be deemed to have been assessed against the Hotel.

(b) In the event that the County Assessor's work sheets are available for inspection by the parties and show thereon an apportionment between the Improvements and the Marina Improvements, then such apportionment shall be used in determining the taxes and assessments levied or assessed against the Improvements. If such work sheets are not available, then the taxes and assessments levied or assessed against the Improvements shall be determined by multiplying the total taxes and assessments levied or assessed against all of the improvements in the Complex by a fraction, the numerator of which shall be the direct construction cost of the

Improvements and the denominator of which shall be the total direct construction cost of the Complex.

Owner agrees to preserve such proper records as it has relating to the cost of construction of the Complex, including a reasonable breakdown of the cost of construction between the Improvements and the Marina Improvements in order to facilitate the determination provided in the foregoing clause (b).

In the event of any dispute between the parties concerning the allocation of taxes and assessments, the matter in dispute shall be submitted to arbitration in accordance with the provisions of Section 14 hereof.

7.7 Compliance with Leases.

Owner represents and warrants to Hyatt as follows: (a) The City Lease is evidenced by the following documents (the "Lease Documents"), to wit: (i) Seventh Amendment to Lease Agreement dated March 14, 1968, between the City, as Lessor, and Quivera Basin Enterprises, Inc., a corporation, as Lessee, and San Diego Federal Savings and Loan Association, a United States corporation, as Assignee, (ii) Eighth Amendment to Lease Agreement between the same parties dated September 25, 1969 (the interest of Quivera Basin Enterprises, Inc., in the City Lease having been assigned to Owner by Assignment of Corporate Interest executed August 14, 1969, by the stockholders of Quivera

Basin Enterprises, Inc., as Assignors, in favor of PSA Hotels, Inc. ("PSA"), as Assignee, and consented to by the City on August 25, 1969, and by Notice of Assignment addressed by PSA to the City under date of December 31, 1969), (iii) Ninth Amendment to Lease Agreement dated December 17, 1970, and Tenth Amendment to Lease Agreement dated July 24, 1972, both executed between the City, as Lessor, and PSA, as Lessee and (iv) Eleventh Amendment to Lease dated August 4, 1976, executed between the City, as Lessor, and Owner, as Lessee; (b) the aforementioned Seventh Amendment to Lease Agreement restates the original Lease Agreement between the City, as Lessor, and C. P. Sikes and Garrick O'Bryan, jointly as Lessee, and all amendments thereto executed prior to March 14, 1968; (c) Owner has furnished Hyatt true copies of the Lease Documents; (d) the City Lease has not been amended or modified, except as set forth in the Lease Documents, is in full force and effect in accordance with the terms thereof, and neither party thereto is in default thereunder; and (e) the Site and the Existing Hotel Improvements are not subject to any sublease or rights of occupancy by third persons.

Hyatt acknowledges that it has reviewed the copies of the Lease Documents furnished it by Owner. Hyatt agrees, as agent of Owner, and at Owner's expense, during the Term, to perform the obligations and observe the covenants of Owner under the City Lease, to the extent that

Hyatt shall, by reason of the rights granted to it under this Agreement, be reasonably in a position to do so, except for the payment of rent required under the City Lease, such payment to be made by Hyatt for the account of Owner out of Owner's Remittance Amounts payable to Owner under Section 4.4 (but only to the extent thereof). All expenses incurred by Hyatt in performing its obligations under this Section 7.7 shall be paid out of the operating accounts to the extent of funds available therein.

Owner agrees that it will not amend, modify or cancel the City Lease or enter into a new lease with respect to the Site and the Improvements without the prior written approval of Hyatt.

Section 8. Insurance.

8.1 Insurance to be Maintained by Owner During Term.

(a) Owner shall maintain, at all times during the Term, the following insurance respecting the Hotel with responsible companies licensed to do business in California, in amounts approved by Hyatt, which amounts shall in no event be less than the amounts required under any mortgage or security agreement affecting the Hotel:

(1) Public liability insurance, elevator liability insurance and insurance against theft of or damage to the property of guests in the Hotel;

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(2) Innkeeper's legal liability insurance, including liability, if any, under any so-called "dram shop law;"

(3) Workers' Compensation, employer's liability or similar insurance covering the employees of the Hotel as may be required by law;

(4) Fidelity insurance covering such employees, including loss of money and securities, inside and outside the Hotel, and depositor's forgery, with policy limits determined by Owner and communicated to Hyatt;

(5) Insurance against loss or damage to the Hotel from fire, boiler explosion and such other risks and casualties with respect to which insurance is customarily carried for hotels of similar character; and

(6) Such other insurance as either Hyatt or Owner shall reasonably deem necessary for protection against claims, liabilities and losses arising from the operation or ownership of the Hotel or as may be required under any mortgage or security agreement affecting the Hotel or under the applicable leases.

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All policies required to be maintained under this Section 8.1 shall name Owner as the principal insured and shall name Hyatt and (if required by Owner) any mortgagee or secured party under any mortgage or security agreement affecting the Hotel as additional insureds thereunder.

(b) Whenever Owner is about, or proposes, to purchase any insurance policy or policies required under this Section 8.1, Owner shall invite a bid from Hyatt (the "Hyatt bid") covering such policy or policies and prepared by Hyatt's insurance broker or adviser. The Hyatt bid may be based upon providing all or part of the insurance in question under a blanket policy insuring, in addition to the Hotel, other hotels operated by Hyatt or its affiliates, in which event the insurance premiums to be included in the Hyatt bid shall be those properly allocable to the Hotel. If Owner shall purchase such policy or policies of insurance (the "Owner-procured policies") through its own resources in preference to accepting the Hyatt bid, then, for the purposes of determining Profit hereunder, the premiums in respect of the Owner-procured policies shall be deemed not to exceed the amount of the premiums which would have been payable for such policies under the Hyatt bid in respect of each fiscal year included in the term or terms of the Owner-procured policies.

8.2 Evidence of Insurance Coverage.

Owner shall, from time to time, furnish to Hyatt duplicate copies of all policies of insurance carried by Owner pursuant to this Section 8 so as to enable Hyatt to review the sufficiency of the insurance coverage in the light of the requirements of this Section 8.

8.3 Notice of Cancellation or Change.

All insurance policies required to be carried by either party hereto shall, to the extent obtainable, have attached thereto an endorsement that the same shall not be cancelled or changed without at least ten (10) days' prior written notice to all named insureds.

Section 9. Damage to and Destruction of Hotel.

9.1 Owner's Duty of Restoration.

If the Hotel, or any portion thereof, shall be damaged or destroyed at any time or times during the Term by fire or any other casualty, Owner, at no expense or risk to Hyatt, shall repair, rebuild or replace the same (such repairing, rebuilding or replacing being herein called "restoration") so that after such restoration the Hotel shall be substantially the same as prior to such damage or destruction, and all proceeds of insurance shall be made available to Owner for this purpose; provided that Hyatt shall have the right to ensure that such proceeds of insurance

shall be applied to such restoration. If Owner fails to undertake such restoration within sixty (60) days after such fire or other casualty, or shall fail to complete the same diligently, Hyatt may, but shall not be obligated to, undertake or complete such restoration for the account of Owner and shall be entitled to be repaid therefor (including all necessary incidental costs and expenses incurred in connection therewith), as provided in Section 11 hereof. In such case, the proceeds of insurance shall be made available to Hyatt for this purpose, provided that Owner shall have the right to ensure that such proceeds of insurance shall be applied to such restoration.

9.2 Owner's Election not to Restore.

Anything in Section 9.1 to the contrary contained notwithstanding, if, in connection with any casualty, the cost of restoring the Improvements and the FFE shall equal or exceed (i) 25% of the replacement cost thereof immediately prior to such casualty if such casualty shall be covered by insurance, or (ii) 10% of such replacement cost if such casualty shall not be covered by insurance, then, and in either event, Owner shall have an election exercisable by notice to Hyatt, given within 45 days from the occurrence of such casualty, not to restore the Hotel and to terminate this Agreement, effective upon the last day of the month next succeeding the month in which such notice shall be given.

9.3 Approval of Plans and Specifications.

Any restoration estimated to cost Twenty Five Thousand Dollars (\$25,000) or more shall be made by Owner in accordance with plans and specifications approved by Hyatt in advance. Hyatt shall also have the right to approve, in advance, the architect who shall prepare such plans and specifications. For the purpose of this Section 9.3, the term "restoration" shall include any restoration required or elected to be made by Owner under any provision of this Section 9 or any subsection thereof, and any alteration or modification required to be made under the provisions of Section 10.2 hereof.

Section 10. Condemnation.

10.1 Total Taking.

If the whole of the Hotel shall be taken or condemned in any eminent domain, condemnation, compulsory acquisition or like proceeding by any competent authority for any public or quasi-public use or purpose, or if such a portion thereof shall be taken or condemned so as to make it imprudent or unreasonable to use the remaining portion as a hotel of the type and class immediately preceding such taking or condemnation, then the Term shall terminate as of the date of such taking or condemnation, and Hyatt shall not be entitled to any part of any award for such taking or condemnation.

10.2 Partial Taking.

If only a part of the Hotel shall be taken or condemned and the taking or condemnation of such part does not make it unreasonable or imprudent to operate the remainder as a hotel of the type and class immediately preceding such taking or condemnation, then this Agreement shall not terminate, but there shall be made available to Owner upon the terms provided in Section 9.1 respecting insurance proceeds so much of any award made to Owner (the term "award" referring to the amount remaining after deduction of any expenses of collecting the gross amount of the award) as shall be reasonably necessary for making alterations to or modifications of the Hotel, or any part thereof, so as to make it a satisfactory architectural unit and a hotel of the type and class immediately preceding such taking or condemnation. The balance of the award, after the deduction of the sum necessary for such alterations or modifications (herein called the "net award") shall be the sole property of, and shall be distributed to, Owner.

Section 11. Right to Perform Covenants and Reimbursement.

If either party shall fail, within the time and after due notice, as specified in Section 12 hereof, to make any payment or to perform any act to be made or performed by such party pursuant to this Agreement, then,

unless a bona fide dispute shall exist between Owner and Hyatt as to whether such payment or performance is required, the other party may, without further notice to or demand upon such defaulting party from any obligations under this Agreement, make such payment or perform such act. All sums so paid by such other party and all necessary incidental costs and expenses incurred by such other party in connection with the performance of any such act, together with interest thereon at the rate of ten percent (10%) per annum (but not to exceed the maximum interest allowed by law) from the date of making such expenditure by such other party shall be payable to such other party upon demand. Any amounts payable hereunder to Hyatt may, at the option of Hyatt, be withdrawn out of the operating accounts, provided that no bona fide dispute then exists as to such amount payable to Hyatt.

Section 12. Defaults; Termination Rights.

12.1 Defaults.

The following shall constitute events of default hereunder:

- (a) The failure of Hyatt to pay to Owner any sum which may become due to Owner hereunder, together with interest thereon, if any, provided in Section 11 hereof, within fifteen (15) days after

receipt by Hyatt of a notice from Owner, specifying such failure;

(b) The filing by either party hereto of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy law or a petition for the appointment of a receiver for all or any substantial portion of the property of such party;

(c) The consent by either party hereto to an involuntary petition in bankruptcy or the failure to vacate, within sixty (60) days from the date of entry thereof, any order approving such involuntary petition;

(d) The entry of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either party as a bankrupt or insolvent or approving a petition seeking reorganization or appointing a receiver, trustee or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree shall continue unstayed and in effect for any period of one hundred twenty (120) consecutive days;

(e) The making by either party of an assignment for the benefit of creditors;

(f) The failure by either party (the "defaulting party") to perform, keep or fulfill any of the covenants, undertakings, obligations or conditions set forth in this Agreement, other than those referred to in the foregoing paragraphs (a) through (e), inclusive, of this Section, and such failure shall continue for a period of thirty (30) days after receipt by the defaulting party of notice thereof from the other party (the "non-defaulting party") specifying such failure, or, in the case of a failure which cannot, with due diligence and in good faith, be cured within thirty (30) days, and the defaulting party fails to proceed promptly and with due diligence and in good faith to cure the same, and thereafter to prosecute the curing of such failure with due diligence and in good faith (it being intended that, in connection with a failure not susceptible of being cured with due diligence and in good faith within thirty (30) days, the time of the defaulting party within which to cure the same shall be extended for such period as may be necessary for the curing thereof with due diligence and in good faith).

In any of such events of default, the non-defaulting party may give to the defaulting party notice of intention to terminate the Term after the expiration of a

period of fifteen (15) days from the date of such notice, and, upon the expiration of such period, the Term shall expire. Anything to the contrary herein contained notwithstanding, neither party shall be deemed to be in default under this Agreement, and no such notice of intention to terminate, if given by either party, shall be effective if a bona fide dispute shall have arisen with respect to any of the foregoing events of default or with respect to the alleged event of default on which such notice is based and such dispute has been submitted to arbitration. A dispute shall be deemed to have been submitted to arbitration if either party hereto shall have served upon the other the written notice referred to in the first sentence of Section 14 hereof. The rights granted hereunder shall not be in substitution for, but shall be in addition to, any and all other rights and remedies for breach of contract available to the non-defaulting party under the applicable law.

12.2 Termination by Owner in Case of Sale.

(a) For the purpose of this Section 12.2, the "Hotel" shall mean all of Owner's right, title and interest in and to the Hotel. An "independent party" shall mean a third party having no interest in Owner or its general partner or any affiliate corporation thereof, and in which Owner or its general partner or any affiliate corporation thereof has likewise no interest.

(b) In the event that Owner shall at any time during the term desire to sell the Hotel and receive from an independent party a bona fide offer (the "Purchase Offer") to purchase the Hotel, Owner shall furnish Hyatt a copy of such Purchase Offer with reasonable evidence that the party making the Purchase Offer is an independent party. Upon receipt of the Purchase Offer and for a period of thirty (30) days thereafter Hyatt shall have a right of first refusal to purchase the Hotel for the price and upon all of the terms and conditions set forth in the Purchase Offer, such right of first refusal to be exercisable by Hyatt giving to Owner within such 30-day period notice of Hyatt's intention to purchase the Hotel pursuant to the terms of this Section 12.2. If Hyatt shall exercise its right of first refusal in the prescribed manner, then there shall be a firm contract between Owner and Hyatt for the sale and purchase of the Hotel at the price and upon the terms and conditions set forth in the Purchase Offer.. If Hyatt shall fail to exercise its right of first refusal within the aforementioned 30-day period and if, thereafter, Owner shall sell the Hotel to such independent party for the price and upon the terms and conditions contained in the Purchase Offer (but not otherwise), then Owner shall have the right, by a notice to Hyatt, to terminate this Agreement

effective on the date (the "Closing Date") when the sale of the Hotel to such independent party shall be consummated, provided that Owner shall have paid to Hyatt on or before the Closing Date an amount equal to 2.5 times the Annual Management Fee (including the Basic Fee and Incentive Fee provided in Sections 4.2 and 4.3) which shall have been payable to Hyatt for the fiscal year next preceding the fiscal year in which such sale is consummated.

12.3 Termination by Hyatt for Excusable Inability to Maintain a First-class Hotel Standard.

As used herein, the term "financial requirements" shall mean requirements which can be met by the expenditure of money for, or the investment of funds in, the Hotel.

If, at any time during the Term, Hyatt shall, under any provisions of this Agreement, be excused from its obligation to operate the Hotel in conformity with a first-class hotel standard, as such standard is defined in Section 1.5 hereof, then, notwithstanding that Owner is not then in default hereunder, Hyatt may give to Owner a notice (the "action notice") stating such fact and setting forth the financial requirements which, in Hyatt's reasonable opinion, must be met by Owner to enable Hyatt to meet a first-class

hotel standard and the time schedule according to which such requirements must be met. If, within ninety (90) days from the receipt of any action notice (the date of such receipt being herein referred to as the "Receipt Date"), the parties hereto shall execute and deliver a written agreement (the "action agreement") to the effect that Owner will meet the financial requirements deemed necessary by Hyatt in accordance with an appropriate time schedule (as such financial requirements and time schedule are set forth in the action notice or in such action agreement), then Hyatt's action notice shall be of no further force and effect, but the Owner's obligations contained in the action agreement shall be deemed incorporated in this Agreement with the same force and effect as if originally set forth therein. All monies expended pursuant thereto shall be deducted in determining Profit hereunder in the fiscal year incurred, and a breach of any such obligations by Owner shall constitute an event of default under the provisions of Section 12.1 hereof. If, following the receipt by Owner of an action notice, the parties shall fail to execute and deliver an action agreement within the aforementioned period of ninety (90) days from the Receipt Date, then, at any time prior to the expiration of one hundred and twenty (120) days from the Receipt Date, Hyatt shall have the right, by notice to Owner, to terminate

this Agreement, effective upon the expiration of one (1) year from the Receipt Date.

Section 13. Trade Name.

During the Term the Hotel shall at all times be known and designated as "Islandia Hyatt House" or under such other name (which shall include the word "Hyatt") as Hyatt shall designate in a notice to Owner and Owner shall thereafter approve. Hyatt represents and warrants to Owner that Hyatt has the legal right to use the name "Hyatt" (herein called the "protected name"), either alone or in conjunction with another word or words. Owner acknowledges that the protected name, when used either alone or in conjunction with any other word or words, is the exclusive property of Hyatt. Accordingly, Owner agrees that no right or remedy of Owner for any default of Hyatt hereunder, nor any provision of this Agreement, shall confer upon Owner, or any transferee, assignee or successor of Owner, or any person, firm or corporation claiming by or through Owner, the right to use the protected name, either alone or in conjunction with any other word or words, in connection with the use or operation of the Hotel or otherwise. In the event of any breach of this covenant by Owner, Hyatt shall be entitled to damages, to relief by injunction and to all other available legal rights or remedies, and this provision shall be deemed to survive the expiration or sooner termination of the Term.

Section 14. Arbitration.

Except as otherwise herein provided, if any controversy should arise between the parties in the performance, interpretation or application of this Agreement, either party may serve upon the other a written notice stating that such party desires to have such controversy reviewed by a board of three (3) arbitrators and naming the person whom such party has designated to act as an arbitrator. Within fifteen (15) days after receipt of such notice, the other party shall designate a person to act as arbitrator and shall notify the party requesting arbitration of such designation and the name of the person so designated. The two (2) arbitrators designated as aforesaid shall promptly select a third arbitrator and if they are not able to agree on such third arbitrator, then either arbitrator, on five (5) days' notice in writing to the other, or both arbitrators shall apply to the American Arbitration Association for the designation and appointment of such third arbitrator. If the party upon whom such written request for arbitration is served shall fail to designate its arbitrator within fifteen (15) days after receipt of such notice, then the arbitrator designated by the party requesting arbitration shall act as the sole arbitrator and shall be deemed to be the single, mutually approved arbitrator to resolve such controversy.

The decision and award of a majority of the arbitrators or of such sole arbitrator, shall be binding upon both Owner and Hyatt and shall be enforceable in any court of competent jurisdiction. Such decision and award may allocate the costs of such arbitration to one of the parties or disproportionately between the parties. The provisions of this Section 14 shall be subject to the requirements of the applicable law.

Section 15. Successors and Assigns.

15.1 Assignment by Hyatt.

Hyatt shall have the right to assign its rights and obligations under this Agreement, without the consent of Owner, to any affiliate or to any assignee who also acquires all, or substantially all, of the assets of Hyatt and assumes its obligations, including those hereunder. In such latter event, Hyatt's liability hereunder shall terminate upon such assignment, but in the event of such an assignment to an affiliate Hyatt shall continue to be liable under this Agreement to the same extent as though such assignment had not been made. Except as hereinabove provided, Hyatt shall not assign its rights and obligations under this Agreement without the approval of Owner. In the event that Hyatt shall so assign its rights and obligations under this Agreement to any affiliate (the "assignee"

affiliate"), as hereinbefore provided, then the sale by Hyatt or by an affiliate of a controlling interest in such assignee affiliate shall constitute an assignment requiring Owner's approval, as provided in the immediately preceding sentence, except for a sale which is part of a sale of all or substantially all of the assets of Hyatt to an assignee who assumes its obligations, including those hereunder (in which case any contingent liability of Hyatt hereunder shall terminate upon such sale). "Controlling interest" in an affiliate refers to shares of capital stock representing more than fifty percent (50%) of the voting power of such affiliate.

It is understood and agreed that any approval given by Owner to any assignment shall not be deemed a waiver of the covenant herein contained against assignment in any subsequent case. Any assignee who succeeds to the interest of Hyatt hereunder (or to the interest of an assignee of Hyatt hereunder) shall be deemed to be Hyatt hereunder for all purposes. The term "affiliate," as used herein, shall mean a corporation included in an "affiliated group," as that term is defined in Section 1504(a) of the Internal Revenue Code as presently in effect, and of which Hyatt is the common parent corporation.

15.2 Assignment by Owner.

Owner shall have the right to sell, hypothecate and convey the Hotel or to assign its interest in this Agreement, or both, without the consent of Hyatt; provided, however, that any such assignee shall expressly assume in writing the obligations of Owner hereunder. Notwithstanding such assumption by such assignee, Owner shall remain fully liable hereunder.

15.3 Binding on Successors.

The terms, provisions, covenants, undertakings, agreements, obligations and conditions of this Agreement shall be binding upon and shall inure to the benefit of the successors in interest and the assigns of the parties hereto with the same effect as if mentioned in each instance where the party hereto is named or referred to, except that no assignment by Hyatt and no transfer or mortgage by or through Owner, as the case may be, in violation of the provisions of this Agreement, shall vest any rights in the transferee or mortgagee.

Section 16. Notices.

All notices to be given hereunder shall be given in writing and shall be deemed given when delivered by messenger or by the U.S. mails (and, if mailed, shall be deemed received two business days after the postmarked date

thereof), with postage prepaid, registered or certified, and, if intended for Owner, delivered or addressed c/o Joseph J. Amoroso, 16633 Ventura Boulevard, Suite 1325, Encino, California 91316, with a copy to Jerald Greenstein, CPA, Accountancy Corporation, 16400 Ventura Boulevard, Suite and if intended for Hyatt, delivered or addressed to 1338 Bayshore Highway, Burlingame, California 94010, Attention: Marvin T. Tepperman, Esq., with a copy to Jay A. Pritzker, President, at the same address. Either party hereto may change the address for notices hereunder by such party giving notice of such change to the other party hereto in the manner hereinabove provided. If Hyatt is given the name and address of any mortgagees, it will give copies of all notices given to Owner to such mortgagees, in the manner set forth in this Section 16.

Section 17. Approvals.

Whenever any party hereto is requested hereunder to give its approval to a matter, such approval shall not be unreasonably withheld. If a party shall desire the approval of the other party hereto to any matter, such party may give notice to such other party that it requests such approval, specifying in such notice the matter as to which such approval is requested and reasonable detail respecting such matter. If such other party shall not respond negatively

in writing to such notice within twenty (20) days after receipt thereof, such other party shall be deemed to have approved the matter referred to in such notice. .

Section 18. Further Instruments.

Upon notice from either party to the other, Hyatt and Owner shall execute (in recordable form) and deliver to the party requesting the same an appropriate instrument which, when recorded, will, to the extent allowed by applicable law, impart constructive notice to third parties of the rights of Hyatt under this Agreement. Each party hereto shall further execute and deliver all such other appropriate supplemental agreements and other instruments and take such other action as may be necessary to make this Agreement fully and legally effective, binding and enforceable as between the parties hereto and as against third parties, or as the other party may reasonably request.

Section 19. Applicable Law.

This Agreement shall be governed in all respects by the laws of the State of California.

Section 20. Partial Invalidity.

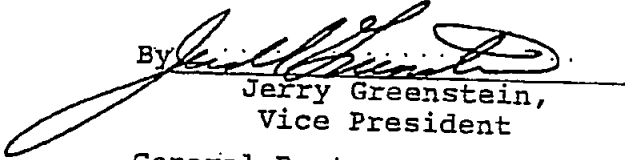
In the event that any one or more of the phrases, sentences, clauses, paragraphs or sections contained in this Agreement shall be declared invalid by arbitration or by the final and unappealed order, decree or judgment of

any court, this Agreement shall be construed as if such phrases, sentences, clauses, paragraphs or sections had not been inserted herein.

IN WITNESS WHEREOF, Owner and Hyatt have executed this Agreement as of the day and year first above set forth.

ISLANDIA ASSOCIATES, LTD.,
a California limited partnership

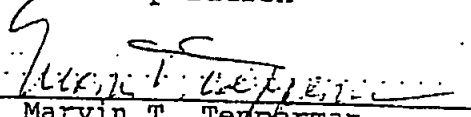
By: AMGREEN, INC.,
a California corporation

By: 
Jerry Greenstein,
Vice President

General Partner

OWNER

CALIFORNIA HYATT CORPORATION,
a Delaware corporation

By: 
Marvin T. Tepperman,
Vice President

HYATT

DESCRIPTION OF LEASED PREMISES

PARCEL 1

That parcel of land and adjoining water area in the City of San Diego, State of California, being a portion of the tidelands and submerged or filled lands of False Bay, also known as Mission Bay, and including any portion of the Pueblo Lands of San Diego, according to Map thereof by James Pascoe, a copy of which is on file in the Office of the County Recorder of San Diego County and known as Miscellaneous Map No. 36, described as follows:

Beginning at the Southeast corner of Lot 24 of Block 10 in the Resubdivision of Blocks 7, 8, 10 and a portion of Block 9 and Lot "A" in Inspiration Heights, according to Map thereof No. 1700, filed in the Office of the County Recorder of San Diego County; thence along the Southerly line of said Lot, South $89^{\circ}55'56''$ West (Record: North $89^{\circ}59'00''$ West) 25.00 to a point of tangent curve in the boundary of said Lot; thence South $00^{\circ}04'04''$ East, 2.00 feet to a line which is parallel with and 2.00 feet Southerly at right angles from the Southerly line of said Block 10; thence along said parallel line North $89^{\circ}55'56''$ East, 249.70 feet; thence North $05^{\circ}30'02''$ West, 104.06 feet to the United States Coast and Geodetic Survey, Triangulation Station "Old Town"---the Lambert Grid Coordinates California Zone 6 for said Station "Old Town" are X equals 1,712,415.65 and Y equals 213,820.33---said Station "Old Town" being the point of origin for the San Diego City Engineer's Mission Bay Park Coordinate System; thence North 5,160.53 feet and West 16,030.79 feet to Mission Bay Park Coordinates North 5,160.53 feet and West 16,030.79 feet, being also the TRUE POINT OF BEGINNING; thence South $15^{\circ}55'11''$ West, 675.05 feet to Mission Bay Park Coordinates North 4,511.37 feet and West 16,215.95 feet; thence North $89^{\circ}23'36''$ West to Mission Bay Park Coordinates North 4,517.60 feet and West 16,898.48 feet; thence North $08^{\circ}09'38''$ West, 143.45 feet to Mission Bay Park Coordinates North 4,659.60 feet and West 16,918.84 feet; thence North $57^{\circ}31'13''$ West, 109.37 feet; thence North $03^{\circ}09'36''$ West, 338.66 feet to the beginning of a tangent 364.56 foot radius curve, concave Easterly; thence Northerly along said curve 226.18 feet through a central angle of $38^{\circ}09'36''$; thence tangent to said curve North $30^{\circ}00'00''$ East, 139.21 feet to the beginning of a tangent 171.29 foot radius curve, concave Southerly; thence Easterly along said curve 249.34 feet through a central angle of $83^{\circ}24'14''$; thence tangent to said curve South $66^{\circ}35'46''$ East, 763.14 feet to the TRUE POINT OF BEGINNING.

The above described Parcel 1 contains approximately 346,152 square feet of land area and approximately 408,605 square feet of water area.

PARCEL 2

All that portion of Pueblo Lot 214, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe, a copy of which is on file in the Office of the Recorder of San Diego County and is known as Miscellaneous Map No. 36, described as follows:

Beginning at the Northeasterly corner of abovesaid Parcel 1, said corner being Mission Bay Park Coordinates North 5,160.53 feet and West 16,030.79 feet; thence along the Northerly boundary of said Parcel 1 North $66^{\circ}35'46''$ West, 746.30 feet; thence North $23^{\circ}24'14''$ East, 60.00 feet; thence South $66^{\circ}35'46''$ East, 321.40 feet to the TRUE POINT OF BEGINNING; thence North $23^{\circ}24'14''$ East, 84.65 feet to a point in a non-tangent

2,006.00 foot radius curve concave Northeasterly, a radial line to said point bears South 39°06'41" West; thence Northwesterly along said curve through an angle of 09°51'14", an arc distance of 345.00 feet; thence tangent to said curve North 50°02'05" West, 157.33 feet; thence South 39°57'51" West, 60.13 feet to the beginning of a tangent 113.00 foot radius curve, concave Easterly; thence along said curve through an angle of 106°33'41", an arc distance of 204.58 feet; thence tangent to said curve South 66°35'46" East, 400.00 feet to the TRUE POINT OF BEGINNING.

The above described Parcel 2 contains approximately 66,136.00 square feet.

RECORDER'S MEMO:
QUALITY OF RECORD DUE TO
CONDITION OF ORIGINAL DOCUMENT

DSB:ar
6-19-72

PAGE 2 OF 2

EXHIBIT A-1

EXHIBIT B

Page 1

STATEMENT OF INCOME

(Short Form)

			Current Period
DEPARTMENTAL PROFIT (Loss)			
Rooms	Schedule B- 1	\$	
Food	" B- 2		
Beverages	" B- 2		
Telephone	" B- 3		
Barber Shop	" B- 4		
Beauty Parlor	" B- 5		
Checkrooms and Washrooms	" B- 6		
Cigar and Newsstand	" B- 7		
Fountain and Gift Shop	" B- 8		
Garage--Parking Lot	" B- 9		
Guest Laundry	" B-10		
Swimming Pool--Cabanais--Baths	" B-11		
Valet	" B-12		
Profit from Operated Departments		\$	
OTHER INCOME	" B-13		
GROSS OPERATING INCOME		\$	
DEDUCTIONS FROM INCOME			
Administrative and General Expense	" B-14	\$	
Advertising and Sales Promotion	" B-15		
Heat, Light and Power	" B-16		
Repairs and Maintenance	" B-17		
Total Deductions from Income		\$	
HOUSE PROFIT		\$	
STORE RENTALS	" B-18		
GROSS OPERATING PROFIT		\$	
RENT, MUNICIPAL TAXES AND INSURANCE	" B-19		
PROFIT BEFORE INTEREST AND DEPRECIATION		\$	
INTEREST	" B-19		
PROFIT BEFORE DEPRECIATION		\$	
DEPRECIATION AND EXPENSE AMORTIZATION	" B-19		
NET OPERATING PROFIT (LOSS)		\$	
OTHER ADDITIONS AND DEDUCTIONS	" B-20		
NET INCOME (Loss)--TO RETAINED EARNINGS		\$	

(134)

EXHIBIT B

AMENDMENT TO MANAGEMENT AGREEMENT

THIS AMENDMENT TO MANAGEMENT AGREEMENT is executed as of the 29th day of June, 1978, by and between ISLANDIA ASSOCIATES, LTD., a California limited partnership, of which AMGREEN, INC., a California corporation is the general partner (hereinafter called "Owner"), and CALIFORNIA HYATT CORPORATION, a Delaware corporation (hereinafter called "Hyatt").

W I T N E S S E T H:

WHEREAS, the parties heretofore executed and delivered that certain Management Agreement (the "Management Agreement") dated August 10, 1976, whereunder Hyatt agreed to manage, for the account of Owner, the hotel known as the "Islandia Hyatt House" (the "Hotel") located at Mission Bay, San Diego, California; and

WHEREAS, the parties hereto wish to amend the Management Agreement with respect to the construction by Owner of improvements to the existing coffee shop facility in the Hotel;

A G R E E M E N T

NOW, THEREFORE, the parties hereto agree to amend the Management Agreement as follows:

Owner shall, at its sole risk, cost and expense, with reasonable diligence and in accordance with plans and specifications approved by Hyatt, (i) cause improvements to the existing coffee shop facility, including the kitchen and employees' dining area (the "Coffee Shop Improvement") to be constructed, and (ii) cause to be purchased and installed in or about the

Coffee Shop Improvement all personal property necessary or desirable for the operation of such Coffee Shop Improvement, such Coffee Shop Improvement and such personal property, together with any remaining portions of the existing coffee shop facility, being herein collectively called the "Coffee Shop Facility". As soon as reasonably practicable after completion of the Coffee Shop Facility, Owner shall furnish to Hyatt, in reasonable detail, the total cost (herein referred to as the "Project Cost") to Owner of completing the Coffee Shop Facility. The Coffee Shop Facility shall be deemed completed when construction of the Coffee Shop Improvement and the installation of all necessary personal property shall have been completed in accordance with all applicable laws and regulations and in accordance with the plans and specifications approved by Hyatt so that the Coffee Shop Facility will be available for use and operation by Hyatt. The representatives of Hyatt shall be accorded access to the records of Owner for the purpose of verifying the Project Cost.

An amount equal to twenty percent (20%) of the Project Cost is herein referred to as the "Annual Amortization" and an amount equal to one-twelfth (1/12) of the Annual Amortization is herein referred to as the "Monthly Project Cost Amortization".

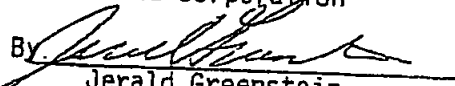
Commencing with the calendar month next succeeding the completion of the Coffee Shop Facility and for a period of 60 calendar months, there shall be deducted in computing Profit for each calendar month an amount equal to the Monthly Project Cost Amortization not to exceed, however, the sum of \$5,000.

Except as hereby amended, the management Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, Owner and Hyatt have executed this Amendment to Management Agreement as of the date hereinabove set forth.

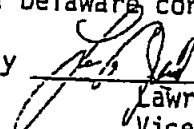
ISLANDIA ASSOCIATES, LTD.,
a California limited partnership

By: AMGREEN, INC., a
California corporation

By 
Jerald Greenstein
Vice President
General Partner

OWNER

CALIFORNIA HYATT CORPORATION,
a Delaware corporation

By 
Lawrence A. Zinder
Vice President

HYATT

SECOND AMENDMENT TO MANAGEMENT AGREEMENT

This Second Amendment to Management Agreement is executed as of this _____ of _____, 1989, by and between ISLANDIA ASSOCIATES, LTD., a California limited partnership, of which AMGREEN, INC., a California corporation is the general partner (hereinafter called "Owner"), and CALIFORNIA HYATT CORPORATION, a Delaware corporation (hereinafter called "Hyatt").

WHEREAS, the parties heretofore have executed and delivered that certain Management Agreement dated as of August 10, 1976, as amended by Amendment to Management Agreement executed and delivered as of June 29, 1978, by letters dated November 23, 1980 and August 8, 1983, and further with respect to certain mortgagee interests by Non-Disturbance Agreement dated October 12, 1977 and by Non-Disturbance and Attornment Agreement dated as of June 12, 1987 (hereinafter collectively called "Management Agreement"), pursuant to which Hyatt manages and operates for the account of Owner the hotel known as The Hyatt Islandia Hotel located at Mission Bay, San Diego, California ("Hotel");

WHEREAS, the Management Agreement will currently expire on December 31, 1994 in accordance with its terms;

AND WHEREAS, Owner and Hyatt wish to further amend the

Management Agreement to provide for an extension thereof, and for other purposes consistent with their mutual interests;

NOW THEREFORE, the parties hereto agree to amend the Management Agreement as follows:

1. Except as may be otherwise specifically noted herein, all defined terms expressed in this agreement shall have the same meaning as is ascribed to them in the Management Agreement.

2. Section 2 of the Management Agreement is hereby amended to read in its entirety:

"Section 2. Term of Agreement.

The term of this agreement (herein called the "Term") shall commence on August 10, 1976 (the "Commencement Date"), and shall end at midnight, December 31, 2010."

3. Section 5.4 of the Management Agreement is hereby amended to read in its entirety:

"5.4 Fund for Replacement of and Additions to Furnishings and Equipment.

(a) During each fiscal year Hyatt shall deposit for each calendar month included in such fiscal year an amount equal to four percent (4%) of the Gross Receipts for such calendar month into a fund to be entitled "Fund for Replacement of and Additions to Furnishings and Equipment," which Fund shall be maintained on deposit by Hyatt in trust for Owner in an

interest-bearing bank account. The monies in such Fund shall be the property of Owner. Interest earned during any period from the amounts in such Fund shall be excluded from the Gross Receipts for such period and in computing Profit for such period and shall remain part of such Fund. To the extent that Hyatt shall be required to pay any income taxes on such interest as a fiduciary, the same shall be payable out of such Fund. In addition to such payments into such Fund, all proceeds from the sale of Furnishings and Equipment no longer needed for the operation of the Hotel shall also be paid into such Fund. Hyatt shall be entitled to withdraw from such Fund any amounts required to make contributions to the cost of replacements of and additions to, the Furnishings and Equipment reasonably deemed by Hyatt to be necessary or desirable, and the items of Furnishings and Equipment so replaced or added shall be and become, forthwith upon acquisition and installation and without further act or action, the property of Owner and part of the Hotel. All such replacements and additions may be purchased by Hyatt at competitive prices from Rosemont Purchasing, a Hyatt affiliate. Any amounts remaining in such Fund at the termination or expiration of the Term shall be returned by Hyatt to Owner.

(b) Hyatt shall not, without the approval of Owner (which approval shall not be unreasonably withheld), expend any monies for replacements of, or additions to, the Furnishings and

Equipment in excess of the amount then existing in the Fund and, notwithstanding anything else to the contrary in this Agreement contained, Hyatt's obligations with respect to additions to, or replacements of, Furnishings and Equipment shall be excused to the extent that the amount in such Fund is inadequate to meet such obligations.

(c) When amounts in the Fund are (or are reasonably anticipated to be) insufficient to satisfy the obligation of Owner to provide funds necessary for the Hotel to be maintained in accordance with the first-class hotel standard (as hereinafter defined), any such additional amounts as Owner and Hyatt shall agree upon shall be provided by Owner. In any such case, one-half of such additional amounts will be deemed to be an operating expense of the Hotel for the purposes of calculating Profit (and only in respect of the calculation of the Annual Management Fee and for no other purposes), and only with respect to such additional amounts as are actually expended in the fiscal year for which the calculation of Profit is being made.

(d) Anything in this Agreement to the contrary notwithstanding, Owner shall be obligated to make sufficient funds available to Hyatt so that the Hotel can be maintained at all times during the Term in accordance with the first-class hotel standard. The "first-class hotel standard" for purposes of this section refers to the standard of construction,

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furnishing and equipping applicable to such other hotels comparable in size to the Hotel and operated by Hyatt, which represents the highest quality of hotels of such size in the Hyatt chain of hotels."

4. Section 7.1(b) of the Management Agreement is hereby deleted in its entirety and shall be, as of the date hereof, of no further force and effect.

5. Section 12.2 (b) of the Management Agreement is hereby deleted in its entirety and shall be, as of the date hereof, of no further force and effect.

6. Except as herein modified and amended, Owner and Hyatt agree that the Management Agreement is in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, Owner and Hyatt have executed this Agreement as of the date first above written.

ISLANDIA ASSOCIATES, LTD.

By [Signature]
Its General Partner

By [Signature]
Its General Partner

CALIFORNIA HYATT CORPORATION

By [Signature]
Its VP

PDC:mjb.amendment

THIRD AMENDMENT TO MANAGEMENT AGREEMENT

THIS THIRD AMENDMENT TO MANAGEMENT AGREEMENT (this "Amendment") is dated as of the ____ day of _____, 2002, but effective as of January 1, 2003 (the "Effective Date"), by and between HYATT CORPORATION, a Delaware corporation ("Hyatt") and ISLANDIA ASSOCIATES, LTD., a California limited partnership ("Islandia").

WITNESSETH:

WHEREAS, California Hyatt Corporation, the predecessor in interest to Hyatt, and Islandia, entered into that certain Management Agreement dated as of August 10, 1976, as amended by the Amendment to Management Agreement executed and delivered as of June 29, 1978, and by the Second Amendment to Management Agreement executed November 17, 1989; by letters dated November 23, 1980, and August 8, 1983; and further with respect to certain mortgagee interests by Subordination, Non-Disturbance and Assignment of Management Agreement dated as of May 28, 1996 (collectively, the "Management Agreement"). Pursuant to the terms of the Management Agreement, Hyatt manages and operates, for the account of Islandia, the hotel known as the Hyatt Regency Islandia Hotel located at Mission Bay, San Diego, California ("Hotel"); and

WHEREAS, neither Hyatt nor Islandia are currently in default under the terms of the Management Agreement; and

WHEREAS, to the best of the knowledge of both Hyatt and Islandia, no event has occurred which, with the passage of time, the giving of notice, or both, would cause Hyatt or Islandia to be in default under the Management Agreement; and

WHEREAS, Hyatt and Islandia now wish to amend the Management Agreement to extend the term (the "Term") of the Management Agreement and make certain other modifications to the Management Agreement in connection therewith. Capitalized terms used in this Amendment, but not otherwise defined, have the meanings given to such terms in the Management Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth hereinbelow and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Hyatt and Islandia, intending to be legally bound, agree as follows:

1. Recitals. The foregoing recitals are intended to be a material part of this Amendment and are incorporated herein by this reference.

2. Term. The Term of the Management Agreement is hereby extended for ten (10) years ending on December 31, 2020, at 11:59 p.m. P.S.T.

IN WITNESS WHEREOF, Hyatt and Islandia have executed this Amendment as of the date first above written.

HYATT CORPORATION, a Delaware corporation

By: [Signature]
Name: FRANK BORG
Its: V.P.

ISLANDIA ASSOCIATES, LTD., a California limited partnership

By: AMGREEN, INC., a California corporation
Its: General Partner

By: [Signature]
Name: Islandia Associates
Its: Pres.

ACKNOWLEDGED AND APPROVED BY:

LOCAL AMERICA BANK OF TULSA,
A FEDERAL SAVINGS BANK

By: [Signature] Local OKLAHOMA BANK NA
Name: Nora Hume
Its: SVP

EXHIBIT A

Tower Balcony Structural Reinforcement

The concrete in the Tower balconies is deteriorating due to age (30 years old) and exposure to the ocean air. It is imperative to replace the eroding concrete and seal the balconies before the steel structure is exposed and begins to rust. The cost is \$900 per balcony to remove the portions of the concrete that have deteriorated, replace the concrete and finish with a sealant. The total cost for 261 balconies is \$234,900. The cost will be reduced if any balconies do not need concrete replacement. The cost in only re-surfacing a balcony is \$400. Supply Co. Inc., the company recommended by Robert Milmoie (the structural engineer for Islandia), provided this preliminary information.

Elevator Control Panel Modernization

The new electronic controls are equivalent to an additional elevator and will address guest complaints of slow service provided by the 30 year old elevators. They are capable of better response to the demand with upgraded technology to provide expedited service and load detection to prevent unnecessary stops when the car is full. The electronic controls are much faster and more reliable than the current electro-mechanical controls. The elevator equipment will be installed in accordance with ASME/ANSI A17.1 Safety Code for Elevators and Escalators, An American National Standard, including the latest Supplement, and the Americans with Disabilities Act. The preliminary cost for modernizing our four elevators in the Tower building is \$355,000. This bid is from Otis Elevator, our elevator service provider.

EXHIBIT B

Hyatt System Services and Hyatt System Costs

In addition to management services and Chain Services, Hyatt and its affiliates currently provide certain additional centralized services to Hyatt Hotels including the following:

Mandatory Services

All Hyatt Hotels are required to participate in certain programs and/or services made available by Hyatt and/or its affiliates. With respect to the calculation of costs for each category of mandatory Hyatt System Services, and except as otherwise noted, costs include an allocable share of corporate office overhead and occupancy costs, but without a profit or mark-up component to Hyatt. The allocation of such costs is based upon service specific formulas developed by Hyatt. These services include the following:

1. Gold Passport. Hyatt currently maintains a frequent guest incentive program known as Gold Passport, the cost of which is paid by assessing each Hyatt Hotel four percent (4%) of all qualifying charges attributable to a Gold Passport member's stay at that hotel excluding applicable taxes. The amount of this assessment, including the cost of amenities provided to Gold Passport members, typically approximates one percent (1%) of total annual room revenue, depending on program usage in a given hotel.
2. Human Resources Services. Hyatt provides certain human resource and employee relations services to Hyatt Hotels including, but not limited to, specialized and divisional training programs, preparation and revision of manuals, employee surveys and employee newsletters and monitoring compliance with affirmative action policies and other employment policies and practices. The cost of providing Human Resources Services is allocated to each Hyatt Hotel on the same basis as such costs are allocated to all other Hyatt Hotels, e.g. the number of full-time equivalent employees at a given hotel in relation to the number of full-time equivalent employees at all other Hyatt Hotels, the number of employees in an affected class (such as all management employees) in relation to the number of all Hyatt employees of such class, the number of actual employees of a hotel receiving training or other Human Resources Services in relation to the number of all other Hyatt employees participating in such programs, or any combination of one or more of the foregoing. The typical annual cost ranges from approximately \$50 to \$100 per each full-time equivalent employee.
3. Coordinated Marketing Services. Hyatt conducts joint marketing programs on behalf of a hotel together with one or more other Hyatt Hotels. A hotel's pro rata share of Coordinated Marketing Services is allocated to the hotel on the same basis as allocated to all other Hyatt Hotels participating in the marketing program(s) in question. Aggregate spending in this category is entirely dependent on a hotel's business mix, business segment, revenues, needs and the number of programs in which it participates.

Participation in specific marketing programs is left to the discretion of the hotel's General Manager and Divisional Vice President.

4. Technology Services. Computer Sciences Corporation Outsourcing, Inc. ("CSCO") (an unaffiliated party) renders technology services to Hyatt Hotels through Hyatt Corporation pursuant to a technology outsourcing agreement. In particular, CSCO provides software support, maintenance, training, installation and related services for automated management systems including, but not limited to, property management, point-of-sale, sales and marketing, catering and convention services, local and wide area networks, electronic mail, central databases and reporting, reservations, group business services and transient room monitoring. The cost of providing computer services depends primarily on the actual systems in place at a hotel and the usage thereof and is allocated to a hotel on the same basis as the cost of computer services are allocated to all other Hyatt Hotels, e.g. the number of personal computers in the hotel in relation to the number of personal computers in all Hyatt Hotels, or the number of point-of-sale servers in the hotel in relation to the number of point-of-sale servers in all Hyatt Hotels, or, with respect to group service automation, the number of rooms occupied by groups at the hotel in relation to the total number of rooms occupied by groups at all other Hyatt Hotels, or, with respect to the costs of transient business automation systems, the number of rooms occupied by transient guests at the hotel in relation to the total number of rooms occupied by transient guests in all other Hyatt Hotels, or, with respect to the costs of electronic mail, the number of electronic mail users at the Hotel in relation to the number of electronic mail users in all other Hyatt Hotels, or on actual usage based on a combination of the foregoing. The outsourcing agreement was recently extended through December 31, 2006.
5. Other Reservations Center Services. In addition to the central reservations center currently located in Omaha, Nebraska, which is allocated to each Hyatt Hotel as part of Allocable Chain Expense, other global distribution systems (principally airline reservations systems such as American Airlines' Sabre System and United Airlines' Apollo System) accept reservations for Hyatt Hotels and confirm the reservations with Hyatt through Hyatt's central reservations center. These supplemental reservations systems charge Hyatt a reservations fee, currently averaging approximately \$4.00 per reservation, which Hyatt passes on to the hotel receiving the reservation at cost without mark-up or profit to Hyatt. Similarly, fees charged by Internet travel service providers (ranging from a fixed fee per transaction to a percentage of the daily room rate charged to the customer) such as Expedia and Travelocity are passed on to the hotel receiving the reservation at cost without mark-up or profit to Hyatt. In addition, Pegasus Systems, Inc., a publicly traded company (in which Hyatt currently owns less than 1% of the outstanding common shares) provides connections to the airline reservations systems, internet related reservations services and consolidated travel agent commission payment processing services for which hotels using such services pay on a per transaction basis at rates set by the service provider.
6. Wide Area Network (WAN). The WAN is a private communication network among Hyatt Hotels, the central reservations center, Hyatt's corporate office, divisional offices

and other important points of contact within the Hyatt chain. Among other things, the WAN permits the central reservations center to transmit reservations to the applicable Hyatt Hotel, provides each Hyatt Hotel access to Hyatt's applications and databases, and allows Hyatt to gather, process and use information from each Hyatt Hotel and the central reservations center for, among other things, sales purposes and various financial and other analyses. The WAN also is the delivery mechanism utilized for Hyatt's electronic mail system. Each Hyatt Hotel has, or is required to purchase, specific hardware necessary to connect to the WAN at an estimated one-time cost which currently approximates \$12,000 to \$15,000, exclusive of initial circuit costs which typically range from \$5,000 to \$10,000 (exact costs are determined upon completion of a system proposal). The current standard for the WAN circuit is 256K. Existing hotels with 56K or 128K circuits may upgrade to the 256K standard for an estimated one-time hardware cost of \$6,000. In operating the WAN, Hyatt incurs expenses including telephone support from customer service employees of CSCO for hardware and communications, telephone line charges, circuit costs and certain other third party costs. From time to time, as new equipment is added to the WAN, the cost of leasing the equipment, or an amortization of the equipment cost (depending on whether the equipment is leased or purchased), is charged to each Hyatt Hotel as part of the operating costs of the system. Each Hyatt Hotel pays its share of these network operating charges, without profit or mark-up, on a per hotel basis based on the number of hotels connected to the WAN (except for hotels on a public network and the Hawaiian properties because of their unique configurations) and the circuit size (56K, 128K or 256K) for that hotel.

7. Employee Benefits. Hyatt provides certain employee benefits to hotels managed by Hyatt, as follows:
 - a. Health and Dental Plan (Non-Union Personnel and Non-HMO Personnel). Hyatt is self-insured for these programs. Claims and administrative costs are allocated among the hotels on the basis of the number of participating employees in each plan. Amounts are paid to Hyatt, reconciled and aggregated and then deposited in an Internal Revenue Code section 501(c)(9) trust fund. Hyatt's corporate office along with certain individual Hyatt Hotels utilize First Health Group Corporation, a publicly traded company to provide health benefits to employees. Pritzker Family Business Interests hold a minority interest in First Health.
 - b. Retirement Plans (Non-Union Employees). All hotels managed by Hyatt pay a percentage of eligible compensation pursuant to the applicable retirement plan documents and/or a fixed amount per employee (class) which is reconciled and aggregated at the Hyatt corporate level and deposited in a retirement trust fund. Employees self-direct the investment of their individual account balances for these defined contribution plans.
 - c. Other Benefit Plans. Costs associated with other benefit plans are generally allocated and/or administered in a manner similar to retirement plans.

Costs for each Hyatt Hotel for the benefit plans listed above vary based on the type and level of employee participation.

8. Mandatory Contracts. Hyatt from time to time negotiates contracts with vendors or providers of services which, under their terms, provide for mandatory participation by all Hyatt Hotels or by certain Hyatt Hotels (e.g. hotels in a certain business segment). Except as otherwise expressly provided in the hotel's operating agreement, Hyatt does not receive any fees, rebates or commissions under, or with respect to, Mandatory Contracts, although certain of the Mandatory Contracts may provide for promotional or other allowances which are then allocated among participating Hyatt Hotels on a fair and equitable basis as determined by Hyatt.
9. Other Corporate Services. Hyatt also provides a number of other corporate services and programs for the benefit of Hyatt Hotels for which reimbursement is made on a cost recovery basis. These services and programs include in-house merchandising services, group sales promotional programs and events sponsored by two or more Hyatt Hotels, property evaluations, quality assurance manuals, college recruiting programs, other training programs and other various services. Costs are allocated among hotels that receive these services or participate in these programs pursuant to program specific allocation formulas developed by Hyatt.

Non-Mandatory Services

Hyatt and its affiliates make certain additional programs and/or services available to Hyatt Hotels allowing each Hotel to participate at its discretion. These programs and/or services include the following:

1. FFE Purchasing Services. Rosemont Project Management, LLC offers purchasing services to Hyatt Hotels for the purchase of furniture, fixtures and equipment which, together with renovation related services, are typically subject to a separate contract and fee structure (which includes a profit component). Each Hyatt Hotel may determine, in accordance with the terms of its operating agreement, whether and the extent to which to use the foregoing purchasing services.
2. Purchasing Services. Hyatt makes various goods and services available to Hyatt Hotels through a centralized purchasing program currently administered by Avendra, LLC ("Purchasing Company"), a procurement services company in which an affiliate of Hyatt has a minority ownership interest. While Hyatt receives no fees, commissions or other remuneration in connection with such purchasing services, the Purchasing Company may receive fees, rebates or commissions on certain goods or services so provided (which include a profit component). Each Hyatt Hotel determines whether, and the extent to which, to use the services of the Purchasing Company (other than as stated under Mandatory Contracts above). Hyatt corporate personnel provide on-going oversight of Hyatt's customer relationship with the Purchasing Company. The cost of providing this

oversight is allocated among those hotels utilizing the purchasing services of the Purchasing Company on a fair and equitable basis without premium, profit or mark up to Hyatt.

3. Remote Call Forwarding. Hyatt currently offers Hyatt Hotels the option of forwarding reservations calls received at a hotel to Hyatt's centralized reservations center, currently located in Omaha, Nebraska, when on-site personnel are unavailable to process potential reservations. The cost of Remote Call Forwarding is charged on a per call basis, which currently approximates \$1.41 per call, to all Hyatt Hotels receiving Remote Call Forwarding Services. Each Hyatt Hotel may determine whether to elect to use such Remote Call Forwarding Services.
4. General Liability and Auto Insurance. Hyatt offers comprehensive general liability insurance, including liquor and dram shop liability insurance, automobile coverage for all hotel vehicles, umbrella liability insurance, and crime and fidelity insurance to Hyatt Hotels, the cost of which is allocated among all participating Hyatt Hotels based upon their respective total hotel revenues. Participation in Hyatt's insurance program is voluntary and generally subject to the acceptance of the hotel into the program by underwriters.
5. Property Insurance. Hyatt also offers a property and business interruption insurance program to each Hyatt Hotel, the cost of which depends on the valuations of each insured hotel. Participation in Hyatt's insurance program is voluntary and generally subject to the acceptance of the hotel into the program by underwriters.
6. Travel and Accident Insurance. For those Hyatt Hotels participating in Hyatt's insurance program, Hyatt offers a travel and accident insurance program for its employees. Currently, the premiums incurred and paid by Hyatt to a third party insurer for this program are reimbursed to Hyatt by each Hyatt Hotel on a pro rata basis based on the number of participants employed at each Hyatt Hotel covered by these programs.
7. Worker's Compensation Insurance. Hyatt offers worker's compensation insurance under its insured or self-insured programs. Under the insured program (for those jurisdictions that do not allow self-insurance programs or where it is not financially beneficial to establish self-insured programs), the hotel pays the state's standard modified premium. Under the self-insured program, the hotel currently pays the first \$25,000 (deductible) for each claim, including any adjusting expenses, and an amount equal to approximately 25% to 35% of the state's manual premium. Hyatt is responsible for any amounts in excess thereof.
8. MT Phone Company. This affiliate of Hyatt negotiates volume telecommunications agreements and obtains favorable rates through the aggregation of local, long distance and frame relay data network volume for Hyatt Hotels and other entities. It also provides, through various third parties, audit services, special analyses and reports, oversight of PBX, voice mail and call accounting systems, and evaluations and recommendations of telecommunication equipment. The costs incurred by MT Phone Company in providing

these services (including an allocation of corporate overhead and occupancy costs but without a profit component) are reimbursed by the entities utilizing these services based on long distance minute volume. Hyatt is currently examining the potential efficiencies of dissolving MT Phone Company and outsourcing its services to Computer Sciences Corporation Outsourcing, Inc.

9. Pritzker Family Business Interests. Given the varied nature and scope of investments by or on behalf of the Pritzker Family, there may be situations where a company in which the Pritzker Family holds an interest (either directly or indirectly), is doing business with Hyatt or individual Hyatt Hotels. Where that interest is significant and is known to Hyatt, Hyatt will make every effort to inform hotel owners. In that regard, TransUnion, one of the two approved vendors utilized by Hyatt Hotels to perform employee background checks, is one of the Marmon companies owned by Pritzker Family Business Interests. While TransUnion is neither a Hyatt company nor a Hyatt affiliate, owners of hotels that selected TransUnion were notified of this relationship.

**FOURTH AMENDMENT
TO
MANAGEMENT AGREEMENT**

THIS FOURTH AMENDMENT TO MANAGEMENT AGREEMENT (this "**Amendment**") is dated as of January 6, 2006, by and between **KENCAL OPERATING LLC**, a California limited liability company ("**Owner**") and **HYATT CORPORATION**, a Delaware corporation ("**Hyatt**").

PRELIMINARY STATEMENT

Hyatt currently operates and manages the Hotel pursuant to the Existing Agreement. Concurrently herewith, the Hotel is being purchased by KenCal Ownership LLC, a California limited liability company, and an affiliate of Owner ("**Landlord**") and Landlord is leasing the Hotel to Owner pursuant to a certain Operating Lease by and between Landlord and Owner (the "**Operating Lease**"). In addition, concurrently herewith, Landlord, Owner and Hyatt are entering into a certain Landlord, Tenant and Manager Non-Disturbance and Attornment Agreement (the "**Landlord Agreement**"). In connection therewith, the Owner's interest under the Management Agreement is being transferred and assigned to Landlord, and immediately thereafter being transferred and assigned to, and assumed by, Owner. Owner and Hyatt now desire to enter into this Amendment in order to amend the Management Agreement further.

NOW, THEREFORE, it is hereby agreed, by and between the parties hereto as follows:

1. **Definitions.** All terms used herein (including, without limitation, all terms used in the Preliminary Statement) which are defined in the Existing Agreement shall, except as otherwise herein expressly provided, have the meanings set forth therein. The definitions of any terms which are expressly defined herein and also defined in the Existing Agreement shall have their meaning set forth herein, and said definition shall, for all purposes of the Management Agreement be deemed to have been amended to conform to the definition thereof herein contained. For all purposes of this Amendment and the Management Agreement the following terms shall have the meanings set forth below:

"City Lease" shall mean that certain Lease Agreement as executed by the parties thereto as of October 4, 2005, by and between KenCal Ownership LLC, a California limited liability company, as Lessee, and the City of San Diego, a California municipal corporation.

"Existing Agreement" shall mean, collectively, the following: (i) the Management Agreement, dated as of August 10, 1976, by and between Islandia Associates, Ltd. and California Hyatt Corporation pursuant to which, among other things, California Hyatt Corporation was designated and appointed as the agent for Islandia Associates, Ltd. to manage and operate the Hotel; (ii) Amendment to Management Agreement, dated as of June 29, 1978, by and between Islandia Associates, Ltd., and California Hyatt Corporation; (iii) Second Amendment to Management Agreement, dated as of November 17, 1989, by and between Islandia Associates, Ltd., and California Hyatt Corporation; (iv) Third Amendment to Management Agreement, dated as of August 27, 2002, by and

between Islandia Associates, Ltd. and Hyatt Corporation, as successor in interest to California Hyatt Corporation; and (v) letter dated June 6, 2002 from Hyatt Corporation to Islandia Associates, Ltd.

"Hyatt System Costs" shall mean the costs allocable to the Hotel of providing Hyatt System Services. Hyatt System Costs shall be allocated to the Hotel on the basis of the actual cost thereof to Hyatt without mark up, premium or profit, but may include an allocation of certain shared costs such as employee costs, occupancy costs, utilities and the like.

"Hyatt System Services" shall mean those services provided to Hyatt hotels in North America and the islands of the Caribbean by Hyatt or its Affiliates on a centralized basis, excluding, however, Chain Services. Attached hereto as Exhibit A is a brief description of Hyatt's current Hyatt System Services (which shall be subject to revision, addition or deletion from time to time), setting forth those which are mandatory and will be applicable to the Hotel and those from which Owner may elect to be excluded, and setting forth the basis on which Hyatt System Costs are currently allocated to the Hotel.

"Management Agreement" shall mean the Existing Agreement as amended by this Amendment.

"Renovation Program" shall mean the program of renovation and rehabilitation of the Hotel, the scope of which is described on Exhibit B hereto, as more fully provided for in Section 3 of this Amendment.

"Total Project Costs" shall mean the sum of (i) the cost to Landlord (but not any subsequent purchaser or transferee) of acquiring the Hotel including, without limitation, the purchase price therefor (without regard to proration adjustments) and Landlord's reasonable costs incurred in connection with the acquisition of the Hotel including, without limitation, attorney's fees, appraisal charges, due diligence costs, recording fees, transfer taxes, title insurance, and the like to the extent actually paid to unaffiliated third parties by or on behalf of Landlord; plus (ii) the actual cost of the Renovation Program paid by or on behalf of Landlord or Owner to unaffiliated third parties. In order to enable Hyatt to make the necessary calculations which are dependent on the amount of Total Project Costs, Owner shall, from time to time, upon request of Hyatt, furnish to Hyatt in reasonable detail, the amount of its Total Project Costs incurred to the then current date, together with a full and complete report of Total Project Costs as soon as reasonably practicable after the completion of the Renovation Program. Hyatt shall have the right, from time to time, to examine and audit the books and records of Landlord, and its Affiliates, by itself or its auditors for the purpose of verifying the amount of the Total Project Costs and, in that connection, Owner shall, and shall cause Landlord, to cooperate in all reasonable respects with Hyatt, and to provide to Hyatt and its auditors the necessary books and records for such purpose. In the event Owner and Hyatt dispute the amount of Total Project Costs, the dispute shall be resolved by arbitration conducted in accordance with the provisions of the Management Agreement. The costs of verifying and auditing Owner's and Landlord's books and records shall be borne by Hyatt, and shall not be a Hotel expense, unless the amount of the Total Project Costs, as reported by

Owner, are less than the actual amount thereof as determined by audit or arbitration by three percent (3.0%) or more, in which event the costs incurred by Hyatt in connection with such examination and audit shall be borne and paid for by Owner and shall not be a Hotel expense.

2. **Term.** Section 2 of the Existing Agreement, as heretofore amended, is hereby further amended by providing that the Term of the Management Agreement shall be and hereby is extended for an additional period of ten (10) years ending at 11:59 pm, local time at the Hotel, on December 31, 2030.
3. **Renovation Program.** Owner and Hyatt agree that the Hotel, in order to enable it to meet the first-class hotel standard (as defined in Section 1.5 of the Agreement), requires the implementation of the Renovation Program. Owner agrees that it shall implement the Renovation Program, as soon as reasonably practicable after the date hereof, and, in doing so, shall conform to the following provisions:
 - (a) The scope of the Renovation Program shall be as described on Exhibit B hereto.
 - (b) Owner shall cause detailed plans and specifications for the Renovation Program to be prepared and submitted to Hyatt for Hyatt's review. Hyatt's review shall be based on aesthetic factors, conformity to Hyatt standards and other factors relating to the operational aspects of the Renovation Program. Hyatt shall have the right to review and comment on, and to approve, the plans and specifications as submitted by Owner, Hyatt's approval, however, to be based solely on whether or not the proposed plans and specifications are in conformity with Hyatt's standards and the first-class hotel standard. Hyatt's comments and suggestions with respect to the plans and specification as submitted by Owner shall be in writing, and shall not be unreasonably withheld or delayed.
 - (c) Upon receipt of Hyatt's comments, Owner shall cause the plans and specifications to be revised to reflect Hyatt's comments and the revised plans and specifications shall then again be submitted to Hyatt. The process described in subsection (b) shall be repeated until plans and specifications shall have been mutually approved by Owner and Hyatt.
 - (d) As soon as reasonably practicable after approval of plans and specifications, Owner shall place purchase orders for goods required in connection with the Renovation Program, and execute contracts for the implementation of the Renovation Program, including installation of FFE. Owner agrees that in implementing the Renovation Program it shall do so in a manner which minimizes, to the extent possible, disruption of ordinary Hotel operations. Hyatt agrees that it shall cooperate in all reasonable respects in the implementation of the Renovation Program.
 - (e) All cost and expenses incurred in connection with the Renovation Program shall be the sole cost and responsibility of Owner and Owner shall indemnify, defend and hold Hyatt harmless of and from any and all manner of claim, loss, damage,

liability or expense which Hyatt, or any of its employees or agents, may suffer or incur in connection with the implementation of the Renovation Program. Costs incurred in connection with the Renovation Program shall not be deducted in computing Profit, shall not be paid from operating accounts, but shall constitute part of Total Project Costs, except to the extent paid from funds on deposit in the Fund referred to in Section 5.4 of the Existing Agreement.

- (f) So long as Owner is proceeding in good faith to implement the Renovation Program, and so long as the Renovation Program shall be completed on or before twenty-four (24) full months after the date hereof (subject to delays directly resulting from one or more Force Majeure Causes), Owner shall not be deemed in default under the Management Agreement solely by reason of the fact that the Hotel is not in conformity with the first-class hotel standard. For purposes hereof, a "Force Majeure Cause" means any one or more events or circumstances beyond the reasonable control of the party whose performance is affected thereby that, alone or in combination, causes a delay in the completion of the Renovation Program, such events or circumstances to include, without limitation, casualties, war, invasion, insurrection, acts of terrorism, sabotage, failure of transportation, or inability to procure or general shortage of labor, equipment, facilities, materials or supplies.
- (g) Upon completion of the Renovation Program, and as of the date of such completion, the Hotel shall be deemed in compliance with the first-class hotel standard.

4. Employees. The proviso at the end of the first paragraph of Section 3.1(a) (relating to the position of general manager for the Hotel), together with all of the remaining portions of Section 3.1(a) that follow the proviso, are hereby deleted, and the following inserted in lieu thereof:

"By separate agreement of even date with this Amendment, and, with the consent of Owner, Hyatt has assumed the existing union agreements. Hyatt shall select, appoint and supervise all personnel for the proper operation, maintenance and security of the Hotel and in order to enable Hyatt to perform its duties and obligations under the Management Agreement. All employees of the Hotel shall be employees of Hyatt, and Hyatt may reimburse itself out of the operating accounts referred to in Section 3.3 for all employee costs which shall include, without limitation, the aggregate compensation (including, without limitation, salary, fringe benefits, incentive compensation, bonuses, employee performance and service awards, and other such amounts paid or payable to Hotel employees), and other employee related costs such as payroll taxes. Hyatt shall have the sole and exclusive right and authority to direct Hotel employees, and to hire, promote, demote, transfer in or transfer out, discipline, suspend or terminate any and all Hotel employees.

"Hyatt will negotiate, on behalf of the Hotel, with any labor union entitled to represent Hotel employees, or any collective bargaining unit comprising Hotel employees, but any collective bargaining agreement or labor contract resulting therefrom shall first be approved by Owner. In that connection, Owner understands and agrees that its approval rights shall be disclosed to the bargaining representative, and, Owner further agrees (i) Owner will not withhold, condition or delay its approval to any collective bargaining agreement if the result thereof, in the reasonable opinion of counsel for Hyatt, is to create a substantial risk of violation of legal obligations on the part of Hyatt; and (ii) in addition to any other indemnification obligations of Owner herein contained, Owner shall indemnify, defend and hold Hyatt, its officers, directors, employees and agents, completely free and harmless of and from any and all manner of liability, claim, cost or expense which may be incurred by Hyatt by reason of any failure of the part of Owner to approve a collective bargaining agreement submitted to Owner for approval and such approval shall have been unreasonably withheld by Owner.

"Anything herein contained to the contrary notwithstanding, prior to the appointment of any person to the position of general manager of the Hotel, Hyatt shall submit the name and background information on the candidate, and provide Owner a reasonable opportunity to meet with and interview the proposed candidate. No person shall be appointed as general manager of the Hotel without the prior approval of Owner, which approval shall not be unreasonably withheld, delayed or conditioned.

"Hyatt, at its option, instead of hiring specific personnel, may assign employees of Hyatt or any of its affiliates as full time or part time members of the executive staff of the Hotel on an interim basis, and Hyatt shall, as necessary, withdraw from the operating accounts the amounts required to reimburse Hyatt or its affiliates for the employee costs relating to such employees. With respect to part time members of the executive staff, a reasonable allocation shall be made of the employee costs of such employees between the portions thereof chargeable to the Hotel, and the portion chargeable to Hyatt, respectively."

Because, prior to the date hereof, all employees (other than members of the executive staff of the Hotel) have, under the terms of the Existing Agreement, been employees of Owner's predecessor in interest, all such employees shall, as a result of this Amendment, become direct employees of Hyatt.

5. Annual Plan. There is hereby added as a new Section 3.5 to the Management Agreement the following:

"3.10 Annual Plan.

(i) Preparation and Submission.

- (1) No later than November 1st of each calendar year during the Term, Hyatt will prepare and submit to Owner for the following calendar

year (i) a forecasted budget of the Hotel's operations, including forecasts of revenues and operating expenses and the assumptions underlying the same; (ii) a proposed marketing plan; and (iii) a proposed budget of Capital Expenditures (for this purpose, inclusive of additions to and replacements of FFE). The materials described in clauses (i) and (ii) above are herein collectively referred to as the "Operating Budget", the budget referred to in clause (iii) above is herein referred to as the "Capital Budget" and the Operating Budget and Capital Budget are collectively referred to as the "Annual Plan".

- (2) The Annual Plan shall be prepared in accordance with Hyatt's standard internal planning and budgeting procedures on Hyatt's standard formats. Owner agrees that it shall promptly review all Operating Budgets and Capital Budgets submitted to it, and Hyatt agrees that it shall provide Owner with such additional and supplemental information with respect thereto as shall be reasonably requested by Owner and which may be prepared or compiled without unreasonable delay, expense or interruption of normal operations.
- (3) Promptly after submission of the Annual Plan, representatives of Owner and Hyatt shall meet at the Hotel or at such other location as may be mutually agreed and at a mutually convenient time to discuss, and attempt in good faith to agree upon, the Annual Plan as provided below.

(ii) Operating Budget.

- (1) All items of expenditure contained in the Operating Budget shall be subject to approval of Owner, with the exception of the following: (i) costs associated with contracts or arrangements Hyatt has made on a chain-wide, regional or business-segment basis in accordance with Hyatt's authority under the terms of this Agreement, subject, in all cases, to the right of Owner to elect not to participate in one or more Hyatt chain-wide contracts (other than Mandatory Contracts, as described on Exhibit A hereto); (ii) compensation levels to Hotel employees or under Hyatt chain-wide or regional fringe benefit programs; (iii) room rates, menu or banquet prices, group booking rates, and other such specific pricing for the use of the Hotel and its facilities and amenities which affect the estimate of Hotel revenues; provided, however, that Owner shall not be precluded from discussing these items during budget preparation and review, and the estimated revenue goals using these items shall be subject to Owner's approval; or (iv) other expenditures required to be made under the express provisions of this Agreement including, without limitation,

expenditures for Management Fees, Allocable Chain Expense and Hyatt System Costs (except to the extent Owner has opted out of non-mandatory Hyatt System Services). Owner shall not withhold its approval for any expenditures which are reasonably necessary, in nature or amount, to enable the Hotel to continue operating in accordance with the First-Class Hotel Standard.

- (2) Subject to the foregoing, Hyatt shall take into consideration the views and suggestions of Owner regarding all aspects of the Operating Budget and both Owner and Hyatt shall attempt, in good faith, to reach a mutually satisfactory agreement, and thereupon to incorporate any such agreements into the Operating Budget. In this connection, Owner shall have the right to suggest changes in operating policies and in the proposed Operating Budget which it considers reasonably necessary to achieve the objectives of near-term and long-term maximization of Hotel profits, subject in all respects to the First-Class Hotel Standard. To the extent Hyatt disagrees with Owner's suggestions and comments, Hyatt shall provide written explanations for its disagreements. Promptly following the foregoing discussions and explanations, Hyatt shall submit a revised Operating Budget for further comment and discussion in the manner set forth above. Thereafter, the parties shall continue to discuss the Operating Budget until such time as both Hyatt and Owner shall have reached agreement on all items comprising the Operating Budget for which Owner has approval rights hereunder.
- (3) Until such time as the parties have agreed on all line items of the proposed Operating Budget for which Owner has approval rights hereunder, Hyatt shall have the right to operate the Hotel in accordance with an Operating Budget comprised of those line items which do not require Owner approval hereunder, those line items that have theretofore been agreed upon by Owner and Hyatt and, only with respect to those line items not yet approved by Owner (and for which Owner has approval rights hereunder), the standards of operation and operating policies in effect during the preceding calendar year (or, with respect to the Hotel's first Fiscal Year, as proposed by Hyatt in connection with the opening of the Hotel). Once the Operating Budget has been approved by Owner and Hyatt, Hyatt agrees that it shall use commercially reasonable efforts to operate the Hotel in a manner consistent with the approved Operating Budget both as relates to estimates of dollar amounts of expenditures, and the operating assumptions underlying the same.

- (4) Notwithstanding anything to the contrary contained herein, Owner and Hyatt both acknowledge that the forecasts of revenues and estimated expenses contained in the Operating Budget represent Hyatt's best estimate of the same for the following calendar year and not in any way a guarantee of actual results. Actual revenues and expenses can vary from forecasts and estimates for reasons beyond the reasonable control of Hyatt including, without limitation, the following: (a) the volume of business and the levels of hotel occupancy; (b) the mix of business (that is, the relationship of food and beverage revenues to other hotel related revenues and the relationship of group business to individual travel business); (c) prevailing wage rates and the effects of collective bargaining agreements; (d) inflation; (e) utility rates, insurance premiums and tax increases; (f) unanticipated and extraordinary repair and maintenance expenses; (g) the need to meet competitive market conditions; and (h) other similar causes. Owner acknowledges that so long as Hyatt adheres to its covenant to use commercially reasonable efforts to operate the Hotel in a manner consistent with the approved Operating Budget, Hyatt shall have no liability to Owner, and shall not otherwise be deemed in Default hereunder, if actual operating results vary from the Operating Budget.
- (5) Monthly, during the Term, Hyatt will provide Owner with revised cash flow forecasts for the remainder of the fiscal year and will discuss the same with Owner, providing Owner with explanations, as requested from time to time by Owner, of the reasons for any departures from the approved Operating Budget, and discussing measures for responding to such departures; provided, however, in no event shall the need for any such cash flow revisions be deemed an Event of Default by Hyatt hereunder.

(iii) Capital Budget Approval.

- (1) All items of expenditure contained in the Capital Budget shall be subject to Owner's approval (provided, however, Owner agrees that it shall approve all Capital Budgets or relevant portions thereof that are reasonably necessary in order to enable the Hotel to meet the First-Class Hotel Standard). If Owner does not approve a proposed Capital Budget, or any line items or specific Capital Expenditure projects within a proposed Capital Budget, within thirty (30) days after delivery of the same to Owner, then such Capital Budget, or such line item(s) or Capital Expenditure projects not specifically approved by Owner, as the case may be, shall be deemed disapproved. In such event, Owner and Hyatt shall meet and confer in good faith in an effort to reconcile differences and reach consensus during the thirty (30) day period thereafter.

- (2) If, by the end of the sixty (60) day period following Hyatt's submission of the Capital Budget to Owner, Owner has yet to approve a Capital Budget or a specific Capital Expenditure project, or any portion thereof, Hyatt shall notify Owner in writing of any Capital Expenditure(s) Hyatt deems necessary for the Hotel to meet the First-Class Hotel Standard (collectively, the "**Disputed Capital Expenditures**"). If Owner does not agree to include the Disputed Capital Expenditures in the approved Capital Budget, or as an approved Capital Expenditure project, within thirty (30) days after delivery of Hyatt's notice, Hyatt shall have the right to submit the issue of whether the Disputed Capital Expenditures are necessary to enable the Hotel to meet the First-Class Hotel Standard to arbitration as provided in Article XII. The arbitrator's determination shall be final and binding on both Owner and Hyatt.
- (3) Hyatt may not incur Capital Expenditures that are in excess of those required or permitted under the approved Capital Budget except for the following: (i) expenditures for the replacement of or additions to FFE (other than expenditures relating to Refurbishing Programs) from funds then on deposit or to be deposited in the Capital Fund which do not exceed Ten Thousand Dollars (\$10,000) (subject to CPI adjustment) for any single expenditure, or One Hundred Fifty Thousand Dollars (\$150,000) (subject to CPI adjustment) in the aggregate in any calendar year; and (ii) expenditures, including Capital Expenditures, which Hyatt reasonably deems necessary to minimize personal injury and property damage in cases of casualty or other emergency, or which Hyatt deems reasonably necessary in order to comply with applicable Legal Requirements."

6. **Reimbursements.** In addition to all other amounts required to be paid or reimbursed to Hyatt under the Management Agreement, Owner shall pay to Hyatt (and Hyatt may withdraw from the operating accounts) all Hyatt Systems Costs.

7. **Tax on Reimbursements.** There is hereby added a new Section 3.6 to the Management Agreement as follows:

"Section 3.6. **Tax on Reimbursements.** In the event and whenever Hyatt shall be subject to any tax, irrespective of its designation (including a fee, charge or other imposition for the issuance of a license, permit or the privilege to conduct a business or occupation), imposed, levied or assessed by any governmental agency or instrumentality (other than income and corporate franchise taxes) measured, in whole or in part, by reference to reimbursements to Hyatt directly attributable to amounts paid under the Management Agreement for compensation, employment taxes, fringe benefits, Allocable Chain Expense or Hyatt System Costs, then Owner will indemnify and hold Hyatt harmless from and against any and all liability for such tax or taxes to the extent so measured. Any payments

made by Owner in this connection shall be paid from the operating accounts and be deducted in computing Profit for the period incurred. At Owner's request, Hyatt will resist, by appropriate proceedings, any liability for any tax which is the subject of the foregoing indemnification, in which case all expenses (including, without limitation, attorneys fees) incurred by Hyatt in resisting or defending itself against such liability shall be deemed a Hotel expense payable from the operating accounts."

8. **Hyatt's Annual Management Fee.** Effective as of the first day of the calendar month next succeeding the completion of the Renovation Program, Section 4.2(b) shall be deleted and the following inserted in lieu thereof:

"(b) For any fiscal year for which there is "Profit", Hyatt shall receive, in addition to the Basic Fee, an Incentive Fee equal to twenty-five percent (25%) of the amount, if any, by which Profit for such fiscal year exceeds ten percent (10.0%) of Total Project Costs. If in any fiscal year, or part thereof, the amount of Profit shall be a negative number or shall be less than ten percent (10.0%) of Total Project Costs (or a prorated portion thereof for the 2005 fiscal year) the amount of any such deficiency shall in no event reduce the amount of Basic Fee otherwise payable during such fiscal year, or be carried back to any prior fiscal year or forward to any subsequent fiscal year."

For the fiscal year in which the Renovation Program is completed, if completion occurs on a date other than January 1 of such year, the amount of Incentive Fee for the period from January 1 of such year to the effective date of the above amendment to Section 4.2(b) shall be calculated on the basis of the provisions of the Existing Agreement, and for the period on and after the said effective date shall be calculated on the basis of the above provisions set forth in this Amendment, except that, the amount equal to ten percent (10.0%) of Total Project Costs shall be pro rated, on a per diem basis, for the period after the said effective date and for the remainder of said fiscal year.

Until such time as the Renovation Program is completed, Section 4.2(b) of the Existing Agreement shall continue in full force and effect.

9. **Time and Manner of Payment.** Effective as of the date on which the amendment to Section 4.2(b) shall become effective, subsection (b) of Section 4.3 shall be deleted and the following inserted in lieu thereof:

"(b) The tentative monthly installments on account of the Incentive Fee shall be equal to twenty-five percent (25%) of the amount, if any, by which Profit for the Cumulative Period exceeds ten percent (10.0%) of Total Project Costs (prorated on a per diem basis for the Cumulative Period in question) less the aggregate amount of the tentative monthly installments having theretofore become payable for such fiscal year on account of the Incentive Fee."

For the fiscal year in which the Renovation Program is completed, if completion occurs on a date other than January 1 of such year, tentative monthly payments with respect to the Incentive Fee for the period from January 1 of such year to the said effective date, shall be calculated on the basis currently set forth in the Existing Agreement, and for the period after the said effective date shall be calculated on the basis of the provisions above set forth with a per diem proration of the amount equal to ten percent (10.0%) of the Total Project Costs for the period (and for each Cumulative Period) following the said effective date.

For greater clarity, the paragraph following subsection (b) of Section 4.3, beginning with the words "If, for any fiscal year, ..." shall not be deleted and shall remain in full force and effect.

Until such time as the Renovation Program is completed, Section 4.3(b) of the Existing Agreement shall continue in full force and effect.

10. **"Profit" Defined.** The provisions of this Section 10 shall constitute an amendment to Section 5.2 of the Existing Agreement, as the same has heretofore been amended, in the following respects:

(a) Section 3 of the Third Amendment to the Existing Agreement is hereby deleted and the following added in lieu thereof, effective as of the date hereof:

"3. There shall be deducted in computing Profit, in addition to all other deductions herein set forth, an amount equal to (i) all rental charges required to be paid under the City Lease (without duplication, however, for any amounts designated as rent under the City Lease, but otherwise deducted in computing Profit), but not rent paid under the Operating Lease; and (ii) all capital expenditures and, without duplication, all expenditures for the acquisition of FFE, in excess of amounts available for the payment thereof in the Fund, excluding, however, any of the foregoing accounted for as part of Total Project Costs."

(b) There shall be deducted, in computing Profit, in addition to all other deductions herein set forth (but without duplication) an amount equal to the Basic Fee, but not the Incentive Fee.

11. **Waiver of Subrogation.** Section 8 of the Existing Agreement is hereby amended by inserting the following as a new Section 8.4:

"8.4 **Waiver of Subrogation.** Any policies of insurance maintained by Owner or Hyatt with respect to the Hotel shall provide that the insurer's right of subrogation shall be waived in favor of the party not providing the insurance."

12. **Damage or Destruction.**

(a) The last two sentences of Section 9.1 are hereby deleted.

- (b) The number of "Twenty-Five Thousand Dollars (\$25,000)" appearing in Section 9.3 is hereby amended so as to read "Two Hundred Fifty Thousand Dollars (\$250,000)".

13. Assignment by Owner. The last sentence of Section 15.2 is hereby deleted, and the following inserted in lieu thereof:

"Notwithstanding such assumption by such assignee, Owner shall remain fully liable hereunder for all liabilities and obligations (and only such liabilities and obligations) of the Hotel arising, or relating to events occurring, prior to any sale or conveyance of the Hotel or assignment of its interest in this Agreement, or both, it being understood and agreed, however, Owner shall not be relieved of any liability in connection with any hypothecation of the Hotel, or any assignment of its interest in this Agreement in connection with any such hypothecation, until a subsequent sale of the Hotel by either the lender and assumption of this Agreement by the lender or a subsequent purchaser."

14. Approvals. The last sentence of Section 17 is hereby amended, and as so amended shall read as follows:

"If such other party shall not respond positively in writing to such notice within twenty (20) days after receipt thereof, such other party shall be deemed to have disapproved the matter referred to in such notice."

15. Improvements. Owner and Hyatt acknowledge that the improvements required by Section 4 of the Third Amendment to Management Agreement have not as yet been completed. Hyatt hereby agrees that Owner shall have twenty-four (24) months following the date hereof in which to complete the Improvements, subject, however, to delays resulting from one or more Force Majeure Causes. Failure to complete the Improvements within the aforesaid twenty-four (24) month period shall constitute an event of default by Owner under the Management Agreement.

16. Liquor License. For greater clarity, it is understood and agreed between Hyatt and Owner that the liquor license or licenses for the Hotel shall be held in the name of Hyatt, or its designee, during the term of the Management Agreement. Owner shall cooperate, in all respects, with Hyatt, in connection with the application or renewal of all liquor licenses, and Hyatt shall, at the request of Owner, either surrender or transfer the liquor license(s) for the Hotel upon expiration or earlier termination of the Management Agreement.

17. Estoppel Certificates.

- (a) On request from time to time, Hyatt shall execute and deliver to Owner or any Lender or Ground Lessor, within thirty (30) days following Hyatt's receipt of written request therefor, a certificate: (i) certifying that the Management Agreement has not been modified and is in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and specifying the modifications); (ii) stating whether, to the actual knowledge of the

general manager and controller of the Hotel, any default by Owner exists, and if so, specifying each default of which the general manager or controller may have knowledge and that said persons know of no act, event or omission that, with the giving of notice or the passage of time, or both, could become a default by Owner; and (iii) providing any additional information reasonably requested by Owner or a Lender or lessor under the City Lease; provided, however, that in no event shall Hyatt be required to agree to any waivers with respect to the Management Agreement or other agreements in effect between the parties. On similar notice, Hyatt shall be entitled to a similar certificate from Owner.

- (b) Owner and Hyatt hereby acknowledge and agree that, except for the incomplete "Projects" as described in Section 4 of the Third Amendment to Management Agreement which comprises part of the Existing Agreement, as of the date hereof, neither party has any actual knowledge of the occurrence of any event or circumstance which constitutes, or with notice or the passage of time, or both, would constitute, a default or event of default under the Management Agreement.

18. **Insurance.** Section 8 of the Existing Agreement is hereby amended in the following respects:

- (a) Sections 8.1(a)(3) and 8.1(a)(4) are hereby deleted.

- (b) Section 8.1(a)(5) is hereby amended, and as so amended shall read as follows:

"(5) With respect to the Hotel building and its contents, replacement costs coverage against loss or damage against "all risk" perils including boiler and machinery explosion, earthquake and flood in such amount as Owner determines is economically reasonable from time to time.

- (c) The existing Section 8.1(b) is hereby re-designated as Section 8.1(c) and the following inserted as a new Section 8.1(b):

"(b) Hyatt shall maintain, at all times during the Term, the following insurance respecting the Hotel with responsible companies licensed to do business in California:

(1) Worker's compensation insurance, in the name of Hyatt covering all of Hyatt's employees at the Hotel, to include employer's liability, in the amount of Five Hundred Thousand Dollars (\$500,000), but in no event less than the statutory amount as required under applicable provisions of law but subject (to the extent applicable) to the self-insurance provisions referred to in Exhibit A hereto.

(2) Crime insurance, in amounts not less than Five Million Dollars (\$5,000,000), in the name of Hyatt including (i) employee dishonesty coverage, covering Hyatt's employees in job classifications normally bonded or insured in other hotels leased or managed by Hyatt or as otherwise required by law, (ii) loss inside the premises coverage, (iii) loss outside the premises

coverage, (iv) money orders and counterfeit paper currency coverage, and (v) depositor's forgery coverage, covering computer fraud."

- (d) Insurance coverage referred to in Section 8.1(a)(1) and 8.1(a)(2) shall in no event be less than the amount and scope of coverage generally maintained by Hyatt, from time to time at other hotels leased or managed by Hyatt. Subject to compliance with the preceding sentence, Owner has informed Hyatt that it intends to maintain commercial general liability insurance, including umbrella coverage, with a combined annual aggregate limit of not less than One Hundred Million Dollars (\$100,000,000) per occurrence and location including at least the following (i) contractual liability; (ii) products and completed operations; (iii) innkeeper's liability insurance; and (iv) garage keeper's legal liability. All of the foregoing coverages shall be primary to any other insurance carried by Hyatt, and shall apply against claims for bodily injury or death, personal injury and property damage occurring on, in or about the Hotel and Hotel garage, and on, in or about the adjoining streets or passage-ways thereof or other areas under this Agreement.
 - (e) Any insurance maintained by Owner pursuant to Section 8.1(a)(v) shall include coverage in an amount equal to one-year's Annual Management Fees, the amount thereof, upon and subject to receipt thereof, to be paid to Hyatt as compensation for Annual Management Fees lost as a result of any casualty or other event as to which said insurance provides coverage.
 - (f) Premiums for all insurance maintained by either Owner or Hyatt as above set forth with respect to the Hotel shall be deemed Hotel expenses and deducted in computing Profit.
 - (g) To the extent reasonably obtainable, all policies of insurance required to be obtained under Section 8 shall have attached thereto an endorsement that such policy shall not be cancelled or materially changed without at least thirty (30) days prior notice to Owner, Hyatt, the lenders or any additional insureds.
 - (h) All policies of insurance shall name Owner, Landlord, Hyatt, any Hotel lenders, Kennedy Associates Real Estate Counsel, Inc., and the City of San Diego as additional insureds as their respective interests may appear.
 - (i) The party procuring such insurance shall deliver to the other parties and all named insureds certificates of insurance with respect to all policies so provided, including existing additional and renewal policies and, in the case of insurance about to expire, shall deliver certificates of insurance with respect to the renewal policies on or prior to the respective dates of expiration.
19. **Title Warranties.** Hyatt acknowledges that Owner is not the owner of the fee simple title to the land or the buildings, nor is Owner the lessee under the City Lease. Accordingly, nothing in Section 7.5 shall be deemed a representation or warranty by Owner as to the condition of title to the Hotel or of any title exceptions or encumbrances with respect thereto. Notwithstanding the foregoing, Owner represents, warrants and

covenants that, during the Term, Owner shall have an interest in all of the assets and property comprising the Hotel, whether arising under the Operating Lease or otherwise, sufficient in all respects to enable Owner lawfully, and as a matter of right, to designate and appoint Hyatt as managing agent for the operation and management of the Hotel as contemplated by, and in accordance with the terms and provisions of, the Management Agreement.

20. **Attorneys Fees.** If any actions or proceedings, including arbitration proceedings, are instituted by either party to enforce any of the provisions of the Management Agreement, the party prevailing in any such proceedings shall, in addition to any other amounts or relief to which it may be entitled, also be entitled to reimbursement of its reasonable legal fees and expenses incurred in connection with any such proceedings.

21. **Employment Discrimination.** There is hereby added as a new paragraph to Section 6.2 of the Existing Agreement, the following:

"During the Term of the Management Agreement, Hyatt shall implement measures, and establish and maintain policies, intended to avoid discrimination against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age (over 40) or sex. Hyatt shall use commercially reasonable efforts to assure that the evaluation and treatment of all Hotel employees and applicants for employment at the Hotel are free of such discrimination. Hyatt agrees that it will also implement measures, and establish and maintain policies, intended to comply with the provisions of the California Fair Employment and Housing Act (Section 12900 et. seq. of the California Government Code) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 560)."

22. **Notices.** Section 16 of the Existing Agreement is hereby deleted and the following is inserted in lieu thereof:

"Section 16. **Notices.** All notices or other communications hereunder shall be in writing and shall be deemed duly delivered (i) upon personal delivery thereof to, and actual receipt by, the other party; (ii) upon electronic facsimile transmission to the other party, at its fax number as set forth below, provided such delivery is followed by an original of the notice delivered to the other party by overnight delivery or United States postal service delivery and provided the facsimile copy sent by the sender provides an automatic notation confirming the delivery thereof; (iii) on the next business day following delivery by the sender to a recognized and reliable air freight delivery service; or (iv) three (3) business days following deposit in the United States mails. Selection of the method of delivery shall be at the election and risk of the party sending the notice. All notices delivered hereunder shall be pre-paid by the sending party and shall be addressed to the parties as follows:

If to Owner: c/o Kennedy Associates Real Estate Counsel, Inc.
1215 Fourth Avenue, Suite 2400
Seattle, Washington 98161

Attention: Jenna Thornton

Fax No.: 206.624.8515

With a copy to: McNaul Ebel Nawrot & Helgren PLLC
600 University Avenue, Suite 2700
Seattle, Washington 98101

Attention: Marc Winters

Fax No.: 206.624.5128

If to Hyatt: Hyatt Center
71 South Wacker Drive
12th Floor
Chicago, Illinois 60606

Attention: General Counsel

Fax No.: 312.780.5284

Either party hereto shall have the right to change its address for notice or its fax number, or the identity of Persons (not more than two (2) in number) entitled to receive copies of any such notices, by delivery in the manner hereinabove provided of an appropriate notice to the other party setting forth the new address or the new fax number, or the identity of the additional or replacement Persons entitled to receive copies, or any one or more thereof."

23. Counterparts. This Amendment may be executed in one or more counterparts each of which shall be deemed an original and each of which, when executed and delivered by all parties, shall constitute one and the same instrument notwithstanding that all parties are not signatory to the same counterpart.

24. Indemnification. There is hereby added as a new Section 21 to the Management Agreement the following:

"21. Indemnification.

(a) Indemnification of Hyatt. To the extent Hyatt shall not be fully compensated by insurance, Owner hereby agrees that it will indemnify, defend and hold Hyatt (and its officers, directors, shareholders, agents, employees and Affiliates) free and harmless of and from any and all damages, liability, cost, claim or expense, including, without limitation, reasonable attorneys fees and expenses, arising out of or in any way related to the Hotel or to the performance

by Hyatt of its duties hereunder, other than any such damages, liabilities, costs, claims or expenses which arise out of or are attributable to Hyatt's grossly negligent or willful acts or breach of the Management Agreement (other than the provisions of Section 6.2 as to which the standard shall be Hyatt's grossly negligent or willful acts); provided, however, Owner shall have no liability hereunder to the extent Hyatt is reimbursed for its loss from the proceeds of insurance maintained in accordance with the provisions of the Management Agreement, and, with respect to such coverage, Hyatt agrees that it will, in good faith, pursue its available insurance recoveries prior to making demand on Owner for indemnity. Amounts paid by Owner in fulfillment of its indemnification obligations under this Section 21(a) shall constitute Hotel expenses and shall be deducted in computing Profit for the Fiscal Year in which incurred. Without in any way limiting the generality of the foregoing, upon expiration or earlier termination of this Agreement, Owner will indemnify, defend and hold Hyatt (and its officers, directors, shareholders, employees and Affiliates) free and harmless of, from and against, liabilities, loss, cost, damage, claim or expense arising out of or relating to (i) union contracts entered into or assumed by Hyatt in accordance with the Management Agreement during the Term with respect to events occurring after the date of any such expiration or earlier termination; (ii) booking contracts entered into by Hyatt pursuant to its authority under the Management Agreement which relate to Hotel use after the termination or expiration of the Management Agreement; (iii) events arising or matters occurring after the expiration or termination of the Management Agreement; or (iv) U.S. Worker Adjustment and Retraining Notification Act, or state or local laws of similar import ("WARN") if Hyatt has not had notice of any early termination prior thereto for a period of at least ten (10) days plus the applicable period of notice under WARN; or (v) to any of the provisions of the Employee Retirement Income Security Act of 1974, the Multi-Employer Pension Plan Amendments Act of 1980 ("MEPPA"), as amended, with respect to any withdrawal liability (as described in Section 4201 of MEPPA) incurred in connection with the discontinuance of contributions to any Multi-Employer Pension Plan to which Hyatt may make contributions on behalf of persons employed at the Hotel but only to the extent such withdrawal liability is attributable to benefits accrued by employees of Hyatt in respect of services performed at the Hotel.

(b) Indemnification of Owner. To the extent Owner shall not be fully compensated by insurance, Hyatt hereby agrees that it will indemnify, defend and hold Owner (its partners, and their respective partners, shareholders, officers, directors, agents, employees and Affiliates) free and harmless of and from any and all damages, liabilities, costs, claims or expenses, including, without limitation, attorneys fees and expenses arising out of or in any way relating to (i) Hyatt's operations, business or conduct other than in connection with the performance of its duties hereunder; (ii) Hyatt's grossly negligent or willful acts; or (iii) the breach of this Agreement by Hyatt (other than Section 6.2 as to which the standard shall be Hyatt's grossly negligent or willful acts); provided, however, Hyatt shall have no liability hereunder to the extent Owner is reimbursed for its loss from the proceeds of insurance, and, with respect to such coverage, Owner

agrees that it will, in good faith, pursue its available insurance recoveries prior to making demand on Hyatt for indemnity. Amounts paid by Hyatt in fulfillment of its indemnification obligations under this Section 21(b), shall not be deemed an expense of the operation of the Hotel and shall not be deducted in computing Profit, it being understood and agreed that such amounts shall be borne and paid for solely by Hyatt."

25. City Lease. Section 7.7 of the Management Agreement is hereby deleted and the following inserted in lieu thereof:

"7.7 Matters Pertaining to City Lease. Owner hereby represents and warrants that the City Lease has been executed and delivered by and on behalf of the parties thereto, and that the copy of the City Lease delivered to Hyatt is a true, accurate and complete copy thereof. Owner also represents and warrants that while Owner is not the Lessee under the City Lease, it has covenanted and agreed with the Lessee, which is an Affiliate of Owner, to comply with all of the covenants of the City Lease. Hyatt hereby acknowledges that it has received a copy of the City Lease and has reviewed the same. Hyatt further covenants and agrees, with respect to the City Lease, as follows:

- (a) Hyatt will familiarize itself with the provisions of the City Lease, use reasonable efforts (to the extent within the control of Hyatt in its capacity as manager of the Hotel, and consistent with the authority of Hyatt under the Management Agreement) to comply with those provisions of the City Lease which directly relate to the management and operation of the Hotel, and will not knowingly or intentionally take any action which would cause Owner or the Lessee to be in default of its obligations under the City Lease, all subject, however, to the following provisions of this Section 7.7, to the limitations on Hyatt's liabilities and obligations as herein set forth, and to the provisions herein contained relating to indemnification by or of Hyatt. In case of any conflict between the provisions of the Management Agreement and the provisions of the City Lease, the Management Agreement shall prevail.
- (b) With respect to Section 1.6 of the City Lease, Hyatt agrees that the Hotel shall remain open seven (7) days per week, and twenty-four (24) hours per day, recognizing, however, that all facilities or amenities of the Hotel may not be open at all times during the day or during all seasons of the year. The foregoing shall be subject to Force Majeure Causes, and to maintenance or refurbishment programs. In all events, Hyatt's policies with respect to operational hours of the Hotel, and its facilities and amenities, shall be consistent with past practices. In addition, with respect to food service operations, Hyatt shall endeavor to cause the Hotel to qualify for the "A" Card as required by Section 1.6 of the City Lease.

- (c) With respect to Section 3.1 of the City Lease, Hyatt agrees that it shall not make any changes in the use of the Hotel from past practices and will, in all events, comply with the provisions of the second sentence of Section 3.1 (recognizing that actions of guests, patrons and tenants are beyond the reasonable control of Hyatt).
- (d) With respect to Section 3.3 of the City Lease, it is acknowledged that Hyatt's management and operation of the Hotel in conformity with the First-Class Hotel Standard shall, as between Owner and Hyatt, constitute competent management for purposes of Section 3.3 of the Lease.
- (e) On any policies of insurance maintained by Hyatt with respect to the Hotel, including, without limitation, any chain-wide policies of insurance in which Owner elects to participate, the City of San Diego shall be included as an additional insured as required by Section 7.2(b)(1) of the City Lease.
- (f) Subject to applicable privacy policies and regulations, Hyatt will, in those cases where it has actual knowledge, prepare incident reports as contemplated by Section 7.2(b)(3) of the City Lease and submit the same to Owner. Owner acknowledges, however, that in the ordinary and usual course of business, Hyatt's usual policy is to prepare such reports only periodically, and only for matters which, in the reasonable opinion of the general manager of the Hotel, represent material matters.
- (g) Hyatt will endeavor to provide Owner with timely notice of any material damage to the Hotel including damage caused by fire or other casualty.
- (h) The parties agree that compliance by Hyatt with the provisions of Section 7.6 of the Management Agreement shall constitute compliance, as between Owner and Hyatt, with the obligations under Section 8.8 of the City Lease.
- (i) Hyatt agrees that it will comply with the restrictions and covenants regarding signs set forth in Section 8.9 of the City Lease with the understanding that any signs, flags, pennants, posters and other similar items currently in place on or about the Hotel shall be deemed authorized and may continue in effect until such time as the City of San Diego may otherwise require. Hyatt further agrees that it shall remove all such items whose removal is demanded by the City of San Diego as provided in Section 8.9.
- (j) Provisions regarding environmental issues are part of Hyatt's obligations to comply with legal requirements under Section 6.2. If Hyatt, during the course of its management and operation of the Hotel, becomes aware of the presence of the release of any hazardous or toxic substances in or

about the Hotel of a significant nature it will report the same to Owner with such details as may be then known to Hyatt.

- (k) The parties acknowledge that compliance by Hyatt with the provisions of Section 6.2 of the Management Agreement shall constitute compliance, as between Owner and Hyatt, with the provisions of Sections 9.1, 9.3 and 9.8(a) of the City Lease.
- (l) With respect to Sections 9.4 and 9.5 of the City Lease, to the extent said section requires compliance with laws and ordinances, the parties agree that compliance by Hyatt with the provisions of Section 6.2 of the Management Agreement shall constitute compliance, as between Owner and Hyatt, with said provisions. In addition, Hyatt agrees to use commercially reasonable efforts in good faith to comply with all other requirements of Section 9.4 and 9.5 of the City Lease to the extent compliance is within the control of Hyatt.
- (m) With respect to Section 9.6 of the City Lease, Hyatt agrees that it will not knowingly violate the provisions of said Section 9.6.
- (n) With respect to Section 9.7 of the City Lease, Hyatt agrees that it will publish the statements, and conduct the programs, and otherwise use commercially reasonable efforts, intended to comply with the provisions of said Section 9.7 of the City Lease.
- (o) With respect to Section 9.9 of the City Lease, Hyatt agrees that it will continue, in accordance with past practices, its monitoring and compliance with water quality standards and practices to the extent related to Hotel operations, but, to the extent capital expenditures are required, the expenditure thereof shall be subject to the provisions of this Agreement regarding Capital Budgets."

26. **Disabled Veterans Business Enterprises.** There is hereby added, as a new Section 7.8 to the Management Agreement, the following:

"7.8 **Disabled Veterans Business Enterprises (DVBE).** Owner is an Affiliate of the California Public Employees Retirement System, an instrumentality of the State of California. Owner has provided to Hyatt a "DVBE Resource Packet" issued by the State of California setting forth certain guidelines to be referenced by parties contracting on behalf of California state instrumentalities. Hyatt recognizes the importance given by the State of California to patronizing, to the extent feasible, DVBEs. Accordingly, Hyatt hereby agrees that, in connection with any contracts, purchase orders or other acquisition of goods or services for the Hotel which, in accordance with the provisions of Section 7.9, either require competitive bidding or which Hyatt elects to submit to a competitive bidding process, it shall consider, in awarding such contract, whether or not any of the proposed bidders are certified as DVBEs in the

State of California, and will, so long as quality, service and reliability can be satisfied in Hyatt's reasonable judgment, use good faith efforts to implement the intention of the State of California as expressed in the DVBE policy, and not deliberately or intentionally disregard the requirements of the policy. Notwithstanding the foregoing, failure by Hyatt to adhere to the DVBE policy, whether in the judgment of Owner or any other agency of the State of California, will not constitute a default or event of default by Hyatt hereunder, but Hyatt acknowledges that its failure to do so will affect possible extension of the Management Agreement, or future contracts between Hyatt and any agencies or instrumentalities of the State of California."

27. **Competitive Bidding.** There is hereby added as a new Section 7.9 to the Management Agreement the following:

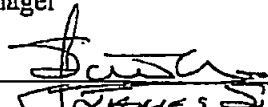
"7.9 **Responsible Contractor Program.** Owner has further provided to Hyatt a copy of the California Public Employees Retirement System Responsible Contractor Program. Consistent with such policy, Hyatt hereby agrees, that, except for "Excluded Contracts" (as hereinafter defined) Hyatt will endeavor to seek competitive bidding on any contracts in which the value of such contract (that is, the amount to be paid by or on behalf of the Hotel with respect thereto), in the reasonable estimate of Hyatt, can be expected to exceed Fifty Thousand Dollars (\$50,000) in any Fiscal Year. For purposes hereof, "Excluded Contracts" shall mean any of (i) contracts entered into by Hyatt, on a chain-wide, regional or business segment basis, applicable to various other hotels in the Hyatt chain of hotels, and which Hyatt is either required to, or elects, to implement at the Hotel in accordance with standard Hyatt policies and practices in the management and operation of its hotels; (ii) collective bargaining agreements; (iii) contracts or agreements for employment of individuals as employees of the Hotel, whether on an at will basis or otherwise; (iv) contracts for goods or services in which, to the best knowledge of Hyatt, there is only one supplier who can meet required specifications, delivery schedules and performance reliability standards; and (v) contracts required in response to emergency situations. Whenever Hyatt is required to, or otherwise does, seek competitive bids it will adopt policies and procedures which are commercially reasonable under the circumstances in relation to the nature of the goods or services to be procured and Hyatt's obligation to operate in a businesslike and efficient manner. Subject to the foregoing, Hyatt will use good faith efforts to comply with the competitive bidding procedures of the Responsible Contractor Program policy, and will not deliberately or intentionally disregard the requirements of the policy."

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed on their behalf as of the day and year first above written.

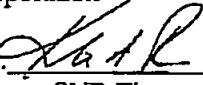
KENCAL OPERATING LLC, a California
limited liability company

By: **FST HRI LLC**, member and manager

By: **MTM Management, L.L.C.**, member
and manager

By: 
Name: JAMES SWIRINS
Title: MANAGER

KCC
HYATT CORPORATION, a Delaware
corporation

By: 
SVP-Finance & Treasurer

**FIFTH AMENDMENT
TO
MANAGEMENT AGREEMENT**

THIS FIFTH AMENDMENT TO MANAGEMENT AGREEMENT (this "Amendment") is dated as of September 26, 2007, by and between **KENCAL OPERATING LLC**, a California limited liability company ("**Owner**") and **HYATT CORPORATION**, a Delaware corporation ("**Hyatt**").

BACKGROUND

A. California Hyatt Corporation and Islandia Associates, Ltd. executed that certain Management Agreement dated August 10, 1976 that was subsequently amended by the Amendment to Management Agreement dated June 29, 1978, letter agreement dated November 24, 1980, letter agreement dated August 8, 1983, the Second Amendment to Management Agreement dated as of November 17, 1989, the letter agreement dated June 6, 2002, the Third Amendment to Management Agreement dated as of August 27, 2002, the Assignment and Assumption of Management Agreement between Islandia Associates, Ltd. and Owner dated January 6, 2006 pursuant to which Islandia Associates, Ltd.'s interest was assigned to Owner, and Owner and Hyatt subsequently executed that certain Fourth Amendment to Management Agreement dated as of January 6, 2006 (collectively, the "**Existing Management Agreement**"). The Existing Management Agreement, as amended by this Amendment shall be referred to herein as the "**Management Agreement**".

B. Simultaneously herewith and as of the date hereof, Hyatt and Owner will be entering into a Sixth Amendment to the Existing Management (the "6th Amendment") regarding Hyatt's management of a certain "Marina Facilities" as defined therein.

C. Owner leases the Hotel pursuant to that certain Operating Lease between KenCal Ownership LLC, as landlord, and Owner, as tenant dated January 6, 2006, and in connection therewith, KenCal Ownership LLC, Owner and Hyatt entered into that certain Landlord, Tenant and Manager Non-disturbance and Attornment Agreement dated June 6, 2006.

D. Owner and Hyatt have agreed to further amend the Existing Management Agreement to reflect certain additional revisions to the Existing Management Agreement, all on the terms and conditions contained herein.

AGREEMENT

NOW, THEREFORE, it is hereby agreed, by and between the parties hereto as follows:

1. **Recitals**. The foregoing recitals are intended to be a material part of this Amendment and are incorporated herein by this reference. Unless otherwise provided

herein, all terms used in this Amendment that are defined in the Existing Management Agreement shall have the meanings provided in the Existing Management Agreement.

2. Renovation Program. The parties acknowledge that the Renovation Program as described on Exhibit B to the Fourth Amendment to Management Agreement shall be supplemented by the additional renovations described on Exhibit A attached hereto and made a part hereof.

3. Acknowledgments and Amendments Regarding Re-naming of Hotel. The parties acknowledge that the re-naming of the Hotel to "Hyatt Regency Mission Bay Spa and Marina" was effective as of July 3, 2007. In connection therewith, as of July 3, 2007, the Management Agreement is amended to reflect the new name of the Hotel.

4. "Profit" Defined. Section 10 (b) of the Fourth Amendment to the Existing Management Agreement (amending Section 5.2 of the Existing Management Agreement) shall be deleted and replaced by the following:

"(b) From and after the completion of the Renovation Program, there shall be deducted, in computing Profit, in addition to all other deductions herein set forth (but without duplication) an amount equal to the Basic Fee, but not the Incentive Fee."

For clarity, at no time shall the Basic Fee be deducted from Profit twice, whether by deduction or in the form of hurdle amount. Further, for clarity, in no event shall the Marina and Sports Fishing Facility Fee (as defined in the 6th Amendment) be deducted from Profit or in any way affect the calculation of the Incentive Fee.

5. Ratification. The Management Agreement as modified by this Amendment is ratified and affirmed by Owner and Hyatt. If there is a conflict between the terms of the Management Agreement and this Amendment, then the terms of this Amendment control.

6. Authority. Hyatt and Owner hereby covenant and warrant that they have full right and authority to enter into this Amendment.

7. Successors. This Amendment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

8. Counterparts. This Amendment may be executed in counterparts and each such counterpart shall be an original and all of which together shall constitute a single Amendment.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed on their behalf as of the day and year first written above.

KENCAL OPERATING LLC
A California limited liability company

By: FST HRI LLC,
A Washington limited liability company

By: Allegis, LLC
A Washington limited liability company
Member and Manager

By: [Signature]
Name: Robert J. Fix
Its: CFO

~~**KENCAL OPERATING LLC, a**
~~California limited liability company~~~~

~~By: FST HRI LLC, member and manager~~

~~By: MTM Management, L.L.C.,
member and manager~~

~~By: _____
Name: _____
Its: _____~~

HYATT CORPORATION, a Delaware
corporation

Red By: [Signature]
Name: Chuck Floyd
Its: VP

Exhibit A

Renovation Program

[ATTACHED]

DESCRIPTION OF IMPROVEMENTS

- **Guestrooms** – All guestrooms will undergo complete renovation, including the installation of all new FF&E, refrigerators, safes, soft goods including new beds, bedding, and draperies. Replacement of guestroom sliding glass doors of the west facing rooms in Tower and Garden building guestrooms. Replacement of all guestroom doors in the Tower. All of the bathrooms in the Tower and Marina will be completely updated with new fixtures, flooring, and wall coverings. Since the Garden bathrooms recently were upgraded with new counters, flooring, and wall tile, these bathrooms will be upgraded with some new lighting. The fitness center will be converted to guestrooms, the Cabana suite will be converted to two guestrooms and three of the conference suites on the second floor of the tower will be converted to single guestrooms. The total key count will increase by eight (8).
- **Public Areas** - The Main Lobby will receive a complete makeover, including new wall coverings, millwork, new flooring, furnishings, lighting, front desk and windows. The Main Lobby's coffee kiosk will be deleted and an elevator will be added for ADA access to the second floor. The lobby will also receive a new feature wall with two fire places and art. The Tower Lobby will be completely updated with new furnishings, lighting, wall covering, doors and frames, and a new ceiling. The meeting space in the Garden and Tower buildings will receive new carpeting, draperies, wall coverings, ceilings, lighting and AV. The tower restrooms will be upgraded with new finishes and ADA bathrooms will be added. The existing three meal restaurant will be converted to pool bar and spa. The pool bar windows will be replaced to bi-fold doors that open out to the pool. The focal point of the bar will be a new cylindrical fish tank. The pool restrooms will be significantly upgraded and expanded for the new courtyard pools.
- **Entry** – The entrance to the Hotel is poorly marked and not in keeping with that of a 4-Star hotel. This area will be enhanced via improved signage, driveway, landscaping, and a new Porte Cochere.
- **Landscape/Hardscape** - The entire courtyard will be re-landscaped to create a pool experience befitting a destination resort. The new experience will include an adult pool, a Jacuzzi, a kid's pool with zero edge entry and water slides with pool. Between the new pools will be an 'island bar' where adults can watch their kids frolic in the water while they enjoy a cool beverage. The pool decking will be maximized for lounge chairs and cabanas. The small function area outside the conference center will be expanded to accommodate weddings and meeting break out space. The landscaping will include a lawn for function space with multi-purpose cabanas. Outside the bar will be a sandy beach and a fire place. Connecting the Grille restaurant to the courtyard will be a new bridge. The courtyard will also feature wood cabanas for day rent, events and spa treatments. The Marina Building will be landscaped to screen the parking underneath the building; the loading dock area will be screened with new landscaping. The Property will receive all new lighting and fencing through out and upgraded irrigation and softscape.
- **Restaurant** –The interior and exterior of the Grille restaurant will be renovated including a new community table with fireplace, new skylights, new bar and a new deck. The main kitchen will be renovated to accommodate the new menu.
- **Spa and Fitness Areas** –The existing fitness areas will be converted into guestrooms. A new spa will be located under the tower in the current restaurant/bar. The spa will feature a large fish tank at the entry, a relaxation room, men's and women's locker rooms with lockers, showers and steam rooms. One of the five new treatment rooms will be a wet room. Treatments will also be provided in the five outdoor cabanas in the courtyard and the adjacent zen garden. The fitness center will be located in the top floor of the Marlin Club building with all new fitness equipment.

- **Back of House** – The main kitchen will be upgraded to accommodate the new restaurant menu.
- **ADA Retrofitting** – Guestrooms, corridors, and public areas will be renovated to comply with ADA guidelines and the California Uniform Building Code.
- **Fire and Life-Safety Upgrades** - The fire alarm system will be upgraded and sprinklers will be added to the Garden Buildings.
- **Mechanical** - Mechanical equipment will be anchored to resist earthquake loads, drain piping in the Tower will be replaced. The Tower and Garden Buildings guestroom fan coil units and thermostats will be replaced during the room renovation.
- **Parking** – Lighting will be improved throughout the garage, and any damaged concrete will be repaired. The surface parking will be re-striped and resurfaced.
- **Building Envelopes** - The Garden Buildings and Marina building will be painted. The Garden Building decks will be replaced with wood decking, access stairs and hand rails. The Tower entry, Marina entry and courtyard entry of the main lobby will be enhanced with a new wood trellis. The roof of the Islandia Building and gutters of the Garden building will be repaired. The Tower roof will be replaced. The electrical building will receive a new roof and new siding. Damaged walkway tiles in the Marina Building will be replaced.
- **Asbestos Abatement** – All asbestos in the Tower ceilings will be abated during the renovation. We have conducted thorough testing and it has been concluded that the Tower have minor levels of asbestos in the ceiling. All abatement efforts will be completed in compliance with federal regulations.
- **Signage** - The hotel's signage will be completely upgraded with new exterior and interior signs.
- **Tower Balconies** – There is some spalling/deterioration on a number of the Tower room balconies.

**SIXTH AMENDMENT
TO
MANAGEMENT AGREEMENT**

THIS SIXTH AMENDMENT TO MANAGEMENT AGREEMENT (this "Amendment") is dated as of September 26, 2007, by and between **KENCAL OPERATING LLC**, a California limited liability company ("Owner") and **HYATT CORPORATION**, a Delaware corporation ("Hyatt").

BACKGROUND

A. California Hyatt Corporation and Islandia Associates, Ltd. executed that certain Management Agreement dated August 10, 1976 that was subsequently amended by the Amendment to Management Agreement dated June 29, 1978, letter agreement dated November 24, 1980, letter agreement dated August 8, 1983, the Second Amendment to Management Agreement dated as of November 17, 1989, the Second Amendment to Management Agreement dated as of November 17, 1989, the letter dated June 6, 2002, the Third Amendment to Management Agreement dated as of August 27, 2002, the Assignment and Assumption of Management Agreement between Islandia Associates, Ltd. and Owner dated January 6, 2006 pursuant to which Islandia Associates, Ltd.'s interest was assigned to Owner, and Owner and Hyatt subsequently executed that certain Fourth Amendment to Management Agreement dated as of January 6, 2006 (collectively, the "**Existing Management Agreement**").

B. Owner leases the Hotel pursuant to that certain Operating Lease between KenCal Ownership LLC, as landlord, and Owner, as tenant dated January 6, 2006, and in connection therewith, KenCal Ownership LLC, Owner and Hyatt entered into that certain Landlord, Tenant and Manager Non-disturbance and Attornment Agreement dated June 6, 2006.

C. Owner leases the Marina Site upon which the Existing Marina Improvements including the 186 slip marina (the "**Marina**") and the sport fishing facility doing business as Islandia Sportfishing (the "**Sport Fishing Facility**") each located at 1441 Quivira Road and 1551 West Mission Bay Drive, respectively, San Diego, California. The parties acknowledge that the Marina Site will include a store that will include the sale of Einstein Bros Bagel food and products (the "Store") to be opened in the future at the Marina Site as depicted on Exhibit A attached hereto and made a part hereof. The Marina, Sport Fishing Facility, and the Store operated by Hyatt at the Marina Site shall collectively be referred to as the "**Marina Facilities**".

D. The Marina Facilities are currently managed by Marina Bay Management, LLC, a California limited liability company ("**Current Operator**") pursuant to a management agreement which Owner may terminate upon thirty (30) days prior written notice.

E. Owner has requested that Hyatt operate the Marina Facilities, and Hyatt has accepted the Owner's proposal to operate the Marina Facilities.

F. To effectuate the addition of the Marina Facilities into the operation of the Hotel to be managed by Hyatt under the terms of the Management Agreement, Owner and Hyatt have agreed to amend the Existing Management Agreement to reflect certain revisions to the Existing Management Agreement, all on the terms and conditions contained herein.

G. **AGREEMENT**

NOW, THEREFORE, it is hereby agreed, by and between the parties hereto as follows:

1. **Recitals; Definitions.** The foregoing recitals are intended to be a material part of this Amendment and are incorporated herein by this reference. Unless otherwise provided herein, all terms used in this Amendment that are defined in the Existing Management Agreement shall have the meanings provided in the Existing Management Agreement. The Existing Management Agreement, as amended by this Amendment shall be referred to herein as the "**Management Agreement**".

2. **Effective Date.** Owner shall send its notice of termination to the Current Operator within five (5) business days of the date hereof. The date upon which such termination shall be effective, which shall be a date no later than sixty (60) days from the date hereof, shall be the date upon which this Amendment shall be effective (the "**Effective Date**"). Following delivery of such termination notice, Owner agrees to request from the Current Operator copies of or access to documents relating to the current operation of the Marina Facilities, including, without limitation, current contracts, permits, licenses, accounts receivable and payable, vendor accounts, and boat slip and related accounts, and to allow Hyatt access to the Marina Facilities, staff and management, as reasonably required to takeover such operations pursuant to this Amendment.

3. **Incorporation of Marina Facilities into Operation of Hotel.** As of the Effective Date and continuing through the expiration or earlier termination of this Amendment, the definition of "Hotel" in the Management Agreement is hereby amended to include the Marina Facilities, and all Operating Equipment and Furnishing and Equipment thereon, all of which shall be managed by Hyatt pursuant to the terms of the Management Agreement. It is intended by the parties that the "Marina Site" and "Existing Marina Improvements" as described in the Management Agreement be included as a part of the Marina Facilities, and that for so long as this Amendment is in effect, Hyatt shall operate the Marina Facilities in accordance with the terms of the Management Agreement, and all Hyatt and Owner obligations under the Management Agreement shall apply to the Marina Facilities.

4. **Marina and Fishing Facility Management Fee.** As of the Effective Date and continuing through the expiration or earlier termination of this Amendment, Section 4.2 of the Existing Management Agreement shall be amended to include the following new paragraph added to the end of Section 4.2:

In addition to the Basic Fee and Incentive Fee provided in Section 4.2 of the Existing Management Agreement, for Hyatt's management of the Marina and Sports Fishing Facility, Hyatt shall receive a basic fee (the "**Marina and Sports Fishing Facility Fee**") equal to one and one-half percent (1.5%) of the Gross Receipts from the Marina and Sports Fishing Facility Fee for such fiscal year. For purposes of calculating the Marina and Sports Fishing Facility Fee, "Gross Receipts" shall have the meaning set forth in Section 4.1(b) of this Agreement, except that such Gross Receipts shall relate only to the operation of the Marina and Sports Fishing Facility and shall not include Gross Receipts for the Store or the remainder of the Hotel. Notwithstanding anything contained herein to the contrary, in no event shall Hyatt's management of the Marina and Sports Fishing Facility affect Profit or Hyatt's Incentive Fee under this Agreement, and no deductions shall be taken from and no additions to revenue made to Profit on account of any costs or expenses, including the Marina and Sports Fishing Facility Fee, related to Hyatt's management of the Marina and Sports Fishing Facility. Reference to "Annual Management Fees" used herein shall include the Marina and Sports Fishing Facility Fee.

For greater clarity, (i) in no event shall the Marina and Sports Fishing Facility Fee affect Profit or Hyatt's Incentive Fee under the Existing Management Agreement, and no additional deductions shall be taken from nor any additions to revenue made to Profit on account of Hyatt's management of the Marina and Sports Fishing Facility. And (ii) as of the Effective Date, Gross Receipts from the Store shall be included in the calculation of the Basic Fee, Incentive Fee and Profit.

5. The Store. As of the Effective Date, the term "Hotel", as used in the Existing Management Agreement, shall be deemed for all purposes thereunder to include the Store. Owner hereby consents to and approves of Hyatt entering into a license agreement (the "Einstein Agreement") with Einstein's for the operation of Einstein Bros' Bagel store in the Store, as agent of Owner, subject to Owner's reasonable approval of such Einstein Agreement. Owner and Hyatt hereby acknowledge and agree that Hyatt's management and operation of the Store, or a portion thereof, pursuant to an Einstein Agreement will be undertaken by Hyatt in its capacity as Manager of the Hotel and as agent of Owner, and shall in all respects be subject to and governed by the terms, covenants and conditions contained in the Management Agreement. With respect to Hyatt's management of the Store, the following provisions shall apply:

(a) From and after the date on which the Store opens to the public for business, all ordinary costs associated with either the operation of the store or fulfillment by Hyatt of the duties and obligations of Hyatt and Owner pursuant to the Einstein Agreement shall be deemed costs associated with the operation of the Hotel, and shall be paid by Hyatt from the Hotel operating accounts.

(b) All revenues and income of any kind derived from the operation of the Store, whether directly or indirectly, shall constitute a component of and be treated as Gross Receipts pursuant to Sections 4.1 and 4.2 of the Management Agreement. For bookkeeping purposes only, Hyatt shall record all revenues and income associated with the Store as a separate line item in the books and records maintained by Hyatt with regard to the Hotel.

(c) To the extent consistent with the terms, covenants and obligations of Hyatt in the Existing Management Agreement including the first class hotel standard, and subject at all time to the sufficiency of funds, Hyatt shall oversee the day-to-day operations of the Store.

6. Time and Manner of Payment. As of the Effective Date and continuing through the expiration or earlier termination of this Amendment, the following amendments to the Existing Management Agreement shall be in effect:

(a) The first sentence of Section 4.3 of the Existing Management Agreement shall be deleted and replaced with the following provision:

With respect to any fiscal year and each calendar month included therein, the Basic Fee, Incentive Fee and Marina and Sports Fishing Facility Fee shall be payable in tentative monthly installments of the respective amounts hereinafter provided, which tentative monthly installments on account of such Basic Fee, Incentive Fee and Marina and Sports Fishing Facility Fee for any such calendar month shall be paid by Hyatt withdrawing the same at any time after Hyatt shall furnish to Owner the unaudited financial statement for such calendar month, pursuant to Section 7.4 hereof.

(b) The following provision shall be added as Section 4.3(c):

The tentative monthly installment on account of the Marina and Sports Fishing Facility Fee shall equal one and one-half percent (1.5%) of the Gross Receipts for the Cumulative Period from the Marina Facilities in respect of such calendar month, less the aggregate amount of the tentative monthly installments having theretofore become payable for such fiscal year on account of such Marina and Sports Fishing Facility Fee.

(c) The last sentence of Section 4.3 of the Existing Management Agreement shall be deleted and replaced with the following provision:

If, for any fiscal year, the aggregate amount of the tentative monthly installments paid to Hyatt on account of the Basic Fee, Incentive Fee and Marina and Sports Fishing Facility Fee shall be more or less than the Annual Management Fee payable for such fiscal year based upon the final determination of Gross Receipts and Profit for such fiscal year as reflected in the Certified Financial Statement for such fiscal year referred to in Section 7.4 hereof, then, by way of year-end

adjustment, within fifteen (15) days after the delivery of such Certified Financial Statement to Owner, Hyatt shall pay into the operating accounts the amount of any such overpayment or withdraw from the operating accounts the amount of any such underpayment.

7. Reserve Fund. As of the Effective Date and continuing through the expiration or earlier termination of this Amendment, Section 5.4(a) of the Existing Management Agreement shall be amended to include the following new second paragraph to subparagraph (a):

As of the Effective Date and continuing thereafter throughout the Term, and in addition to Hyatt's deposits made pursuant to the preceding paragraph, Hyatt shall deposit for each calendar month included in such fiscal year an amount equal to: (a) during the fiscal year 2007, the deposit shall be equal to two percent (2%) of Gross Receipts of the Marina and Sports Fishing Facility; (b) during the fiscal year 2008, the deposit shall be equal to three percent (3%) of Gross Receipts of the Marina and Sports Fishing Facility; and (c) during the fiscal year 2009, and throughout the remainder of the Term, the deposit shall be equal to four percent (4%) of Gross Receipts of the Marina and Sports Fishing Facility, into a fund to be entitled the "Marina and Sports Fishing Facility FF&E Fund," which fund shall be maintained on deposit by Hyatt in trust for Owner in an interest bearing account. All funds at any time on deposit in the Marina and Sports Fishing Facility FF&E Fund shall be the property of Owner, and shall be returned to the full control of Owner on expiration or earlier termination of this Agreement, it being understood and agreed, however, that during the Term such fund shall constitute one of the operating accounts and be subject to all of the terms applicable thereto as set forth in Section 3.3. All interest earned on such fund on deposit from time to time in such fund shall remain in, and become part of, the Marina and Sports Fishing Facility FF&E Fund, and shall be excluded from Gross Receipts. To the extent that Hyatt shall be required to pay any income taxes on such interest, the same shall be payable out of such fund. In addition to such payments into such fund, all proceeds from the sale of Furnishings and Equipment at the Marina or Sports Fishing Facility no longer needed for the operation of the Marina or Sports Fishing Facility shall also be paid into such fund. Subject to the provisions of Sections 3.5 and 5.4 of this Agreement, Hyatt shall be entitled to withdraw from such fund any amounts required to make contributions to cost of replacement and additions to the Furnishings and Equipment for the Marina and Sports Fishing Facility reasonably deemed by Hyatt to be necessary or desirable, and the items of Furnishings and Equipment so replaced or added shall be and become, forthwith upon acquisition and installation and without further act or action, the property of Owner and part of the Hotel. All such replacements and additions may be purchased by Hyatt at competitive prices from Rosemont Purchasing, a Hyatt affiliate. The Marina and Sports Fishing Facility FF&E Fund shall be kept separate from and not be commingled with the Fund for Replacement of and Additions to Furnishings and Equipment; the Marina and Sports Fishing Facility FF&E Fund shall not be used for capital

expenditures for the Hotel (other than the Marina or Sports Fishing Facility), and the Fund for Replacement of and Additions to Furnishings and Equipment shall not be used for capital expenditures for the Marina or Sports Fishing Facility without Owner's prior approval. Reference to the "Fund" or the "Funds" used herein shall include both the Fund for Replacement of and Additions to Furnishings and Equipment and the Marina and Sports Fishing Facility FF&E Fund.

8. Shared Expenses. As set forth in Section 5.6 of the Existing Management Agreement, the parties acknowledge that there will exist shared expenses between the Marina Facilities and the Hotel. Hyatt shall propose an allocation of such shared expenses as part of the Operating Budget.

9. Initial Operating Budget for Marina Facilities. For the Effective Date through the remainder of fiscal year 2007, Owner and Hyatt have approved the Annual Plan for the Marina Facilities attached hereto as Exhibit B.

10. Termination of Amendment on Sale. In the event of a sale or transfer of the Hotel to a non-related third party, Owner may, at its option, terminate Hyatt's management of the Marina Facilities by terminating this Amendment upon at least thirty (30) days' prior written notice to Hyatt, at which time upon the effective date set forth in such notice (which date shall be no later than the date set forth in such notice by Hyatt) the terms of this Amendment shall be of no further force and effect. In the event that Owner elects to terminate this Amendment pursuant to this Section 10, the Existing Management Agreement shall remain in full force and effect and shall be assigned to the prospective buyer in accordance with Section 15.2; in the event that Owner does not elect to terminate this Amendment in the event of a sale or transfer of the Hotel, then the Management Agreement, including this Amendment, shall remain in full force and effect and shall be assigned to the prospective buyer.

Upon any such termination of this Amendment, Hyatt and Owner will cooperate with each other to effect an orderly transition of the Marina Facilities management functions from Hyatt to Owner, or to any successor manager designated by Owner. Because all employees of the Marina Facilities will be employees of Hyatt, the termination of this Amendment shall result in a termination of their employment with Hyatt; provided, however, Owner acknowledges that Hyatt shall have the right to make offers of employment to any personnel then employed at the Marina Facilities for employment at the Hotel or other Hyatt hotels. The indemnification obligations of Owner upon the expiration or termination of the Existing Management Agreement, including, without limitation, the indemnification obligations pursuant to Section 21 of the Existing Management Agreement, shall also apply to the termination or expiration of this Amendment.

Accounts payable of the Marina Facilities remaining unpaid as of the effective date of expiration or termination shall be assumed by Owner and paid as and when due. For this purpose, the term "accounts payable" shall include, without limitation, liabilities accrued as of such date, but not yet billed, together with any amounts required to be paid

to Hyatt hereunder. In addition, if any items of FFE have been ordered prior to expiration or termination hereof in accordance with the provisions of this Agreement, Owner shall pay all required charges therefore, whether or not shipped or received at the Marina Facilities prior to such date. Owner shall indemnify and hold Hyatt harmless from any cost or liability relating to the foregoing. After the effective date of expiration or termination of this Amendment and Hyatt's management of the Marina Facilities pursuant hereto, Hyatt will consult with Owner at Owner's request regarding any accounts payable, including with respect to any disputes which may arise between Owner and the account creditor.

11. Licenses, Leases and Concession Agreements. Hyatt shall use its reasonable discretion to establish the terms and conditions of occupancy by slip tenants at the Marina and for the operation of sport fishing vessels at the Sport Fishing Facility. Hyatt shall review the existing wharfage contract at the Marina; if in Hyatt's professional opinion the wharfage contract can be substantially improved, it will make such recommendation to Owner. In accordance with and subject to Section 3.2, Hyatt shall use reasonable efforts to enforce the compliance of all Marina Facilities tenants with the terms, covenants and conditions of their lease agreements, slip lease agreements or other wharfage contract with Owner, and their compliance with all rules and regulations affecting the Marina Facilities. Owner shall deliver to Hyatt copies of such agreements, contracts and rules and regulations within a reasonable period after the date hereof, and no later than the Effective Date. As determined by Hyatt, in its reasonable discretion, Hyatt shall respond to service requests by marina tenants. To the extent provided in the Existing Management Agreement, in the furtherance of the completion of these duties and other duties specified in this Amendment, Hyatt shall be authorized to retain the services of vendors and suppliers on behalf of Owner and as agent and for its benefit.

12. Liquor Licensing. Owner shall assist Hyatt to, as soon as practicable following the date hereof, apply for, and diligently pursue, the transfer of all alcoholic beverage licenses held by Current Operator for the Marina Facilities into the name of Hyatt. The costs associated with the transfer of the alcoholic beverage licenses shall be operating expenses of the Marina and Sports Fishing Facility. The provisions of Section 16 of the Fourth Amendment shall also apply to the liquor licenses for the Marina Facilities.

13. Specific Duties Related to Marina. To the extent consistent with the terms, covenants and obligations of Hyatt in the Existing Management Agreement, including the first class hotel standard, and subject at all time to the availability of funds, with respect to the Marina, Hyatt shall: (1) oversee the day-to-day operations of the Marina Dockmaster and any other Marina staff; (2) maintain and reconcile accounts receivable; (3) maintain accounts payable; (4) maintain and account for inventories of materials and goods required in the operation of the Marina; (5) prepare monthly invoices and mail them to those with vessels berthed at the Marina; (6) arrange for and supervise with Owner's approval and at Owner's expense, routine maintenance and repairs as reasonably necessary to maintain the Marina's docks, gangways and other components in a condition as good as or better than the industry standard prevailing in the Port of San

Diego; (7) bill and diligently attempt to collect all wharfage fees and related charges due by vessels and their owners for wharfage services provided for vessels located at the Marina ("**Marina Tenants**"), and (8) with respect to any other existing operations at the Marina, Hyatt shall calculate and bill customers and diligently collect for any and all charges, fees and assessments charged to them, including as applicable and without limitation, those associated with equipment rentals, boat rentals, charter bookings, boat wharfage, retail sales and other concessions. As Hyatt deems appropriate, Hyatt shall arrange for guests of the Hotel to have signing privileges at the Marina Facilities.

14. Specific Duties Related to Sport Fishing Facility. Hyatt's responsibilities shall in no manner extend to the operation or management of sport fishing vessels and shall be limited to those detailed in this Amendment. To the extent consistent with the terms, covenants and obligations of Hyatt in the Existing Management Agreement, including the first class hotel standard, and subject at all time to the sufficiency of funds, with respect to the Sports Fishing Facility, Hyatt shall: (1) administratively oversee the booking of charters aboard sport fishing vessels located at the Sport Fishing Facility; (2) supervise the duties of the Sport Fishing Facility manager and his or her subordinates in connection with the sale of tackle, fishing licenses, sundries and fuel; (3) supervise the duties of the Sport Fishing Facility manager and his or her subordinates in connection with the rental of rods, reels and other fishing tackle; (4) arrange for and supervise with Owner's prior written approval and at Owner's expense routine maintenance and repairs as reasonably necessary to maintain the Sport Fishing Facility's docks, gangways and other components in a condition as good as or better than the industry standard prevailing in the Port of San Diego; (5) maintain and reconcile accounts receivable; (6) maintain daily register input receipts; (7) maintain and reconcile as necessary or appropriate accounts receivable and accounts payable; and (8) bill and diligently attempt to collect sums due by vessels and their owners in connection with services provided for their benefit by the Sport Fishing Facility.

15. Maintenance and Repairs for Marina Facilities. To the extent consistent with the terms of the Existing Management Agreement, including the first class hotel standard, and subject at all time to the availability of funds, Hyatt shall cause to be maintained the improvements and grounds of the Marina Facilities and provide certain maintenance including, but not limited to: (1) performing cleaning, painting, decorating, plumbing, carpentry, and such other normal maintenance and repair work as may be necessary; (2) performing periodic inspection and minor maintenance required to keep all mechanical equipment associated with the Marina Facilities in good operating condition, including, without limitation, routine lubrication and maintenance; (3) performing as deemed appropriate or necessary preventative maintenance programs; (4) as deemed appropriate by Hyatt, entering, on Owner's behalf contracts for utilities, vermin extermination, cleaning service and other necessary and advisable services; (5) paying all bills in connection with such activities; and (6) regularly inspecting the physical condition of the Marina Facilities.

16. Books and Records. As of the Effective Date and continuing through the expiration or earlier termination of this Amendment, the first sentence of Section 5.1 of the Management Agreement shall be deleted and replaced with the following:

Hyatt shall keep full and adequate books of account and other records reflecting the results of the operation of the Hotel and Marina and Sports Fishing Facility. Hyatt shall maintain separate books of account to the extent necessary to provide applicable reports under Section 7.4 separately reflecting the operations of the Hotel and the Marina Facilities.

17. Reports. As of the Effective Date and continuing through the expiration or earlier termination of this Amendment, Section 7.4 of the Management Agreement shall be amended to include the following new subparagraph (c) as follows:

(c) Reports. Throughout the Term (and also after expiration or earlier termination of the Term as to any period ending prior to the expiration or earlier termination thereof), Hyatt shall deliver to Owner the following financial statements and reports (all of which shall conform to the Financial Records) and any other daily or monthly reports to be mutually agreed to between Owner and Hyatt:

(i) Monthly within thirty (30) days after the end of each calendar month, the reports on Exhibit C attached hereto.

(ii) Monthly, within fifteen (15) days following the end of each calendar month, (A) a report on the results of operations of the Hotel showing, in reasonable detail, Gross Receipts for such month and for the fiscal period then ended by department, Profit for such month and for the fiscal period then ended, and the amount of Basic Fee, Incentive Fee and Marina and Sports Fishing Facility Fee earned and accrued for the fiscal period then ended, (B) an accounting with respect to the Funds showing the amount deposited therein during the fiscal period then ended, the amounts withdrawn therefrom during such period, and a statement, in reasonable detail, showing the purpose or purposes for which such withdrawals were made; and (C) a comparison of the results of operations for the Hotel for the fiscal period then ended with the Operating Budget and with the comparable period in the prior fiscal year.

(iii) In addition to the foregoing, from time to time as compiled and received by Hyatt, Hyatt shall deliver to Owner copies of daily STR reports (to the extent available) and copies of guest satisfaction surveys (excluding Hyatt's compilations thereof and, to the extent of, any Proprietary Information) with respect to the Hotel. In addition, on a monthly basis, Hyatt shall provide a STR report with respect to a regional set of hotels (excluding any other Hyatt hotels), to be determined from time to time by Owner and Hyatt.

18. Insurance. The second sentence of Section 8(d) of the Management Agreement shall be amended to include the following insurance to be provided by Owner so long as this Amendment is in effect: “(v) Marina legal liability (amount not less than \$10,000,000).”

19. Ratification. The Management Agreement as modified by this Amendment is ratified and affirmed by Owner and Hyatt. If there is a conflict between the terms of the Management Agreement and this Amendment, then the terms of this Amendment control.

20. Authority. Hyatt and Owner hereby covenant and warrant that they have full right and authority to enter into this Amendment.

21. Successors. This Amendment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

22. Counterparts. This Amendment may be executed in counterparts and each such counterpart shall be an original and all of which together shall constitute a single Amendment.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed on their behalf as of the day and year first written above.

KENCAL OPERATING LLC
A California limited liability company

By: FST HRI LLC,
A Washington limited liability company

By: Allegis, LLC
A Washington limited liability company
Member and Manager

By: [Signature]
Name: Robert J. Fix
Its: CFO

~~**KENCAL OPERATING LLC**, a
California limited liability company~~

By: FST HRI LLC, member and manager

By: MTM Management, L.L.C.,
member and manager

By: _____
Name: _____
Its: _____

HYATT CORPORATION, a Delaware corporation

By: [Signature]
Name: Charm Ployd
Its: VP

Red

Exhibit A

Depiction of Marina Facilities

Exhibit A



Exhibit B

2007 Approved Budget

KENCAL OPERATING, LLC
MARINA BUDGET 2007

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL
REVENUE													
SCHEDULED RENTS	96,918	96,918	96,918	101,764	101,764	101,764	101,764	101,764	101,764	101,764	101,764	101,764	1,208,630
WASHER/DRYER LEASE	-	10	-	-	10	15	-	185	-	-	158	-	379
SCHEDULED RENTS - VACANCY	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(12,000)
GUEST SLIP RENTS	175	-	50	200	100	-	2,162	984	1,393	768	1,418	1,102	8,352
TOTAL REVENUE	96,093	95,928	95,968	100,964	100,874	100,779	102,926	101,934	102,157	101,532	102,340	101,866	1,203,381
EXPENSES													
MANAGEMENT	1,922	1,919	1,919	2,019	2,017	2,016	2,059	2,039	2,043	2,031	2,047	2,037	24,067
SECURITY	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	28,044
TRASH REMOVAL	789	789	789	789	789	789	789	789	789	789	789	789	9,468
REPAIRS & MAINTENANCE	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	12,250
UTILITIES	4,569	4,569	4,569	4,569	4,569	4,569	4,569	4,569	4,569	4,569	4,569	4,569	54,828
HOUSEKEEPING	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	12,624
BANK CHARGES	1,249	1,247	1,248	1,313	1,311	1,310	1,338	1,325	1,328	1,320	1,330	1,324	15,844
OFFICE EXPENSE	40	40	40	40	40	40	40	40	40	40	40	40	480
POSTAGE, PRINTING & STATIONARY	80	80	80	80	80	80	80	80	80	80	80	80	960
CITY RENT	24,023	23,982	23,992	25,241	25,219	25,195	25,732	25,484	25,539	25,383	25,585	25,467	300,840
ADMINISTRATIVE FEES - MBM PAYROLL	4,222	4,222	7,022	4,222	4,222	4,222	4,222	7,022	4,222	4,222	4,222	7,722	59,764
ADMINISTRATIVE FEES - MBM WORKERS COMP	531	531	531	531	531	531	531	531	531	531	531	531	6,368
ADMINISTRATIVE FEES - MBM MEDICAL	845	845	845	845	845	845	845	845	845	845	845	845	10,144
TOTAL EXPENSES	42,680	42,633	45,445	44,059	44,033	44,006	44,614	47,133	44,396	44,219	44,448	47,814	535,481
NET INCOME (LOSS)	53,413	53,295	50,523	56,905	56,841	56,773	58,312	54,801	57,761	57,313	57,892	54,052	667,880

KENCAL OPERATING, LLC
BUDGET 2007

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	TOTAL
REVENUE													
DIESEL FUEL	12,361	12,708	16,140	20,644	38,174	65,306	95,349	113,247	74,659	28,387	22,391	14,204	513,570
DIESEL TAX - FED & STATE	(10)	-	(18)	(13)	(44)	(47)	(126)	(126)	(79)	12	4	8	(439)
DIESEL SALES TAX - CA PREPAID	(888)	(914)	(1,160)	(1,484)	(2,743)	(4,694)	(6,849)	(8,138)	(5,364)	(2,041)	(1,610)	(1,021)	(36,904)
REGULAR FUEL	15,330	15,795	15,799	27,207	32,490	62,802	99,815	91,343	52,513	27,499	28,357	17,505	485,555
GAS TAX - FED & STATE	(1,343)	(1,790)	(1,511)	(1,814)	(3,860)	(3,377)	(11,261)	(9,169)	(4,245)	(3,117)	(3,740)	(1,642)	(46,669)
GAS SALES TAX - CA PREPAID	(1,006)	(1,007)	(1,028)	(1,841)	(2,059)	(4,281)	(6,297)	(5,910)	(3,472)	(1,754)	(1,771)	(1,141)	(31,567)
OIL & FUEL ADDITIV	46	18	55	97	169	209	377	291	378	239	56	4	1,939
FISHING LICENSES	4,064	2,926	4,408	4,702	9,857	11,706	18,806	18,220	8,490	8,409	2,883	2,499	93,950
TACKLE - RESALE	813	916	1,356	2,243	3,271	5,614	9,247	8,950	5,091	3,519	1,427	858	43,305
FOOD & BEVERAGE	1,310	1,243	1,147	1,785	2,823	4,493	8,735	8,141	5,255	2,559	1,451	1,284	40,226
LIQUOR	750	750	750	1,079	1,842	1,887	2,848	1,604	1,714	596	691	554	15,165
SUNDRIES	819	891	769	1,528	1,441	2,880	4,135	3,869	2,222	1,481	570	869	21,474
TACKLE RENTAL	1,615	1,577	2,805	3,501	4,880	8,453	14,922	13,086	8,891	5,121	2,574	1,954	69,379
BOOKING COMMISSION	2,546	3,309	3,114	4,887	10,523	20,329	34,084	37,759	22,080	10,098	3,871	2,492	155,092
MISC INCOME - SLIP	700	700	700	1,521	700	700	957	732	853	700	700	700	9,863
CASH OVER (SHORT)	(3)	25	93	29	2	78	198	164	55	31	50	50	772
TOTAL REVENUE	37,104	37,147	43,419	64,271	97,566	172,158	263,940	272,065	170,041	79,739	57,884	39,177	1,334,511
COST OF SALES													
DIESEL FUEL	10,212	10,212	18,641	4,644	22,616	45,073	83,904	80,638	49,188	17,812	9,313	2,608	354,871
REGULAR FUEL	8,482	9,362	7,487	8,020	31,373	17,237	83,045	54,258	27,229	13,597	24,873	7,408	290,371
OIL & FUEL ADDITIV	-	-	-	-	275	281	-	62	124	-	-	137	879
FISHING LICENSES	3,856	2,776	4,183	4,461	8,353	11,107	17,843	15,390	9,004	6,096	2,720	2,375	89,164
TACKLE RESALE	63	60	542	1,288	860	1,771	4,833	2,835	3,653	958	643	(372)	17,212
FOOD & BEVERAGE	360	1,607	1,433	1,057	1,160	2,997	4,330	4,762	3,993	1,733	2,204	184	25,820
LIQUOR	300	300	300	1,106	691	1,580	1,791	1,262	1,175	218	522	605	9,850
SUNDRIES	350	208	215	2,143	253	1,480	2,458	3,057	1,168	884	495	2,549	15,258
RENT RQDS & REEL PARTS	37	-	294	1,735	271	235	260	1,024	537	315	395	1,026	6,129
CASH PAID OUTS	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COST OF SALE	23,660	24,525	33,095	22,432	66,852	81,761	198,562	163,288	96,081	41,413	41,165	16,520	808,354
GROSS PROFIT	13,444	12,622	10,324	41,839	30,714	90,397	65,378	108,777	73,960	38,326	16,719	22,657	525,157
EXPENSES:													
MANAGEMENT	3,500	3,500	3,500	3,500	3,500	5,165	7,918	8,182	5,101	3,500	3,500	3,500	54,346
SECURITY	330	330	330	330	330	330	330	330	330	330	330	330	3,960
TRASH REMOVAL	908	908	908	908	908	908	908	908	908	908	908	908	10,896
REPAIRS & MAINTENANCE	2,180	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	19,028
TELEPHONE	930	930	930	930	930	930	930	930	930	930	930	930	11,160
TAXES & LICENSES	670	670	670	670	670	670	670	670	670	670	670	670	8,040
BANK CHARGES	631	632	738	1,093	1,659	2,927	4,487	4,625	2,891	1,356	984	666	22,689
OFFICE EXPENSE	109	71	317	181	272	391	847	1,281	393	197	197	197	4,453
POSTAGE, PRINTING & STATIONARY	-	137	24	-	32	27	564	66	403	66	382	50	1,751
DUES & SUBSCRIPTIONS	-	49	-	-	49	-	-	-	-	-	-	49	147
CITY RENT	983	984	1,150	1,702	2,584	4,559	6,989	7,204	4,503	2,111	1,533	1,037	35,339
ADMINISTRATIVE FEE - PAYROLL	12,031	10,419	17,187	10,742	10,563	12,471	16,100	25,207	13,080	11,606	11,277	11,277	161,964
ADMINISTRATIVE FEE - WORKERS COMP	598	598	598	598	598	598	598	598	598	598	598	598	7,180
ADMINISTRATIVE FEE - MEDICAL	831	831	831	831	831	831	831	831	831	831	831	831	9,976
ADMINISTRATIVE FEE - BASE FEE	500	500	500	500	500	500	500	500	500	500	500	500	6,000
MANAGER BONUS	4,888	-	-	-	-	-	-	-	-	-	-	-	6,908
TOTAL EXPENSES	29,100	22,750	29,874	24,176	25,617	32,497	43,863	53,503	33,329	25,794	24,831	23,734	363,837

NET INCOME (LOSS)

(15,656)	(10,128)	(19,550)	17,663	5,097	57,900	21,515	55,274	40,631	12,532	(6,112)	(1,077)	181,320
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ISLANDIA MARINA
2007 BUDGET
December 13, 2006

	BUDGET 2006	PROJECTED 2006	Variance Budget 2006 to Proj. 2006	BUDGET 2007	Variance Budget 2007 to Proj. 2006
REVENUE					
SCHEDULED RENTS	1,123,080	1,126,806	3,726	1,206,630	79,824
WASHER/DRYER LEASE	360	221	-139	379	158
SCHEDULED RENTS - VACANCY	(13,062)	(9,361)	3,701	(12,000)	-2,639
GUEST SLIP RENTS	10,526	7,368	-3,158	8,352	984
FINANCE CHARGE	36	-	-36	-	0
NSF CHARGES	86	90	4	-	-90
TOTAL REVENUE	1,121,026	1,125,124	4,098	1,203,361	78,237
EXPENSES:					
MANAGEMENT	22,421	22,487	66	24,067	1,580
SECURITY	23,765	23,765	0	28,044	4,279
TRASH REMOVAL	8,114	8,114	0	9,468	1,354
REPAIRS & MAINTENANCE	23,768	18,282	-5,486	12,250	-6,032
UTILITIES	48,772	48,768	-4	54,828	6,060
HOUSEKEEPING	11,268	10,814	-454	12,624	1,810
ADVERTISING AND PROMOTION	378	-	-378	-	-
PROFESSIONAL	1,125	-	-1,125	-	-
OFFICE EXPENSE	30	527	497	480	-47
BANK CHARGES	118	8,548	8,430	15,644	7,096
POSTAGE, PRINTING & STATIONARY	951	1,057	106	960	-97
CITY RENT 25%	280,244	281,227	983	300,840	19,613
ADMINISTRATIVE FEES - MBM	73,584	66,422	-7,162	76,276	9,854
TOTAL GENERAL & ADMIN	494,538	490,012	-4,526	535,481	45,469
NET INCOME FROM MARINA OPERATIONS	626,488	635,112	8,624	667,880	32,768
NET INCOME FROM SPORTFISHING	140,361	165,253	24,892	163,320	-1,933
CONSOLIDATED NET INCOME	766,849	800,365	33,516	831,200	30,835
CONSOLIDATED FF&E RESERVE	97,309	11,990	85,319	50,757	38,767
CONSOLIDATED ADJUSTED NOI	669,540	788,375	118,835	780,443	7,932

ISLANDIA SPORTFISHING
2007 BUDGET
December 13, 2006

	BUDGET 2006:	PROJECTED 2006	Variance Budget 2006 to Projected 2006	BUDGET 2007	Variance Budget 2007 to Projected 2006
REVENUE					
DIESEL FUEL	533,773	476,180	-57,593	476,227	47
REGULAR FUEL	354,857	407,318	52,459	407,299	-17
OIL & FUEL ADDITIVES	1,893	1,941	48	1,939	-2
FISHING LICENSES	85,080	93,951	8,871	93,950	-1
TACKLE - RESALE	27,704	43,303	15,599	43,305	2
FOOD & BEVERAGE	39,482	40,227	745	40,226	-1
LIQUOR	14,503	5,535	-8,968	15,165	9,630
SUNDRIES	23,783	21,474	-2,309	21,474	0
TACKLE RENTAL	64,449	69,375	4,926	69,379	4
BOOKING COMMISSIONS	167,136	155,093	-12,043	155,092	-1
WASTE TANK / DOCKING FEES	1,420	5,525	4,105	9,663	4,138
CASH OVER (SHORT)	115	673	558	772	99
TOTAL REVENUE	1,314,195	1,320,593	6,398	1,334,491	13,898
COST OF SALES					
DIESEL FUEL	401,551	345,938	-55,613	354,671	8,733
REGULAR FUEL	250,571	290,369	39,798	290,371	2
OIL AND FUEL ADDITIVES	722	879	157	879	0
FISHING LICENSES	85,050	90,436	5,386	89,164	-1,272
TACKLE - RESALE	18,029	17,212	-817	17,212	0
FOOD & BEVERAGE	28,425	25,818	-2,607	25,820	2
LIQUOR	10,538	4,190	-6,348	9,850	5,660
SUNDRIES	17,117	14,909	-2,208	15,258	349
RENT RODS & REEL PARTS	14,005	6,128	-7,877	6,129	1
TOTAL COST OF SALES	826,008	795,879	-30,129	809,354	13,475
GROSS PROFIT	488,187	524,713	36,526	625,137	424
EXPENSES:					
MANAGEMENT	54,325	53,629	-696	54,346	717
SECURITY	4,848	3,622	-1,226	3,960	338
TRASH REMOVAL	6,832	7,849	917	10,898	3,047
REPAIRS & MAINTENANCE	21,470	29,398	7,926	19,026	-10,368
TELEPHONE	10,367	11,753	1,386	11,160	-593
TAXES & LICENSES	8,659	6,869	-1,790	8,040	1,171
ADVERTISING & PROMOTIONS	8,596	2,958	-5,638	-	-2,958
PROFESSIONAL FEES	0	-	0	0	0
BANK AND CREDIT CARD CHARGES	21,850	25,065	3,215	22,689	-2,376
OFFICE EXPENSE	6,549	4,808	-1,741	4,453	-355
POSTAGE, PRINTING & STATIONARY	1,762	1,553	-209	1,751	198
DUES & SUBSCRIPTIONS	98	146	48	147	1
CITY RENT 3.5% AVG	45,008	36,144	-8,864	35,339	-805
ADMINISTRATIVE FEES- MBM-Payroll	157,382	175,669	18,307	190,008	14,339
TOTAL GENERAL & ADMIN / NON OPERATING EXPENSES	347,826	358,461	11,635	361,817	2,358
NET INCOME FROM OPERATIONS	140,361	165,253	24,892	163,320	-1,933
FF&E RESERVE	52,568	3,882		26,690	22,807

ADJUSTED NET INCOME	87,793	161,370	136,630	-24,740
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Exhibit C

Monthly Financial Reports

KENNEDY ASSOCIATES, REAL ESTATE COUNSEL, INC.

CONTROLLER'S MONTHLY REPORT CHECKLIST

ASSIGNED TO	REPORT OR SCHEDULE	COMPLETED BY	REVIEWED BY
✓	Controller's Executive Summary Comparative Balance Sheets Monthly and YTD Statements of Operations/Cash Flow Trial Balance		
	BALANCE SHEET DETAIL Bank Statements & Reconciliations (for all cash accounts) Aged Receivables – must tie to A/R GL account Prepaid Expenses – separate schedule for each GL account # Capital Improvement Schedule (Incl. FF&E) AP Aged Invoice List– must tie to A/P GL account AP Open Status Report Accrued Expenses - separate schedule for each GL account # Advance Deposits Various Amortization Schedules (as applicable)		
	INCOME STATEMENT DETAIL Variance Analysis Management Fee Calculation Department P&L Reports Rent Schedule (detail of rent paid) Schedule of Owner's Expenses		
	ANALYSIS REPORTS Cash Flow Forecast Flow through Analysis Payroll Analysis Booking Pace Report FTE Report Productivity Report Covers Analysis		

**SEVENTH AMENDMENT TO
MANAGEMENT AGREEMENT**
(Hyatt Regency Mission Bay Spa and Resort)

THIS SEVENTH AMENDMENT TO MANAGEMENT AGREEMENT (this "Amendment") is dated as of August 3, 2011, but effective as of January 1, 2011, by and between **KENCAL OPERATING LLC**, a California limited liability company ("Owner") and **HYATT CORPORATION**, a Delaware corporation ("Hyatt").

BACKGROUND

A. California Hyatt Corporation and Islandia Associates, Ltd. executed that certain Management Agreement dated August 10, 1976 that was subsequently amended by the Amendment to Management Agreement dated June 29, 1978, the letter agreement dated November 24, 1980, the letter agreement dated August 8, 1983, the Second Amendment to Management Agreement dated as of November 17, 1989, letter regarding notice of merger of California Hyatt Corporation into its parent, Hyatt Corporation dated August 3, 2000, the letter agreement dated June 6, 2002, the Third Amendment to Management Agreement dated as of August 27, 2002, the letter agreement dated January 3, 2006, the Assignment and Assumption of Management Agreement between Islandia Associates, Ltd. and Owner dated January 6, 2006 pursuant to which Islandia Associates, Ltd.'s interest was assigned to Owner, the Fourth Amendment to Management Agreement dated as of January 6, 2006, the Fifth Amendment to Management Agreement dated September 26, 2007, and the Sixth Amendment to Management Agreement dated September 26, 2007, the letter agreement dated September 25, 2008 and the letter agreement dated May 11, 2008 (collectively, the "**Existing Management Agreement**").

B. Owner leases the Hotel pursuant to that certain Operating Lease between KenCal Ownership LLC, as landlord, and Owner, as tenant dated January 6, 2006, and in connection therewith, KenCal Ownership LLC, Owner and Hyatt entered into that certain Landlord, Tenant and Manager Non-disturbance and Attornment Agreement dated June 6, 2006.

C. Hyatt and Owner now wish to amend the Existing Management Agreement to provide for annual audits to be conducted at the option of the Owner.

NOW, THEREFORE, it is hereby agreed, by and between the parties hereto as follows:

1. **Recitals; Definitions.** The foregoing recitals are intended to be a material part of this Amendment and are incorporated herein by this reference. Unless otherwise provided herein, all terms used in this Amendment that are defined in the Existing Management Agreement shall have the meanings provided in the Management Agreement. The Existing Management Agreement, as amended by this Amendment shall be referred to herein as the "**Management Agreement**".

2. **Financial Statement.** Section 7.4 of the Management Agreement is hereby deleted in its entirety, and replaced with the following:

7.4 Financial Reports; Audit.

(a) **Reports.** Throughout the Term (and also after expiration or earlier termination of the Term as to any period ending prior to the expiration or earlier termination thereof), Hyatt shall deliver to Owner the following financial statements and reports (all of which shall conform to the books and records of the Hotel maintained pursuant to Section 5.1 of this Agreement (the "**Financial Records**")):

EXECUTION VERSION

(i) Monthly, within thirty (30) days after the end of each calendar month, the reports on Exhibit C attached hereto.

(ii) Monthly, within fifteen (15) days following the end of each calendar month, (A) a report on the results of operations of the Hotel prepared in accordance with the Uniform System showing in reasonable detail Gross Receipts for such month and for the fiscal period then ended, and the amount of Basic Fee, Incentive Fee and Marina and Sports Fishing Facility Fee earned and accrued for the fiscal period then ended, and a comparison of the results of operations for the Hotel for the fiscal period then ended with the Operating Budget and with the comparable period in the prior fiscal year, (B) an accounting with respect to the Funds showing the amount deposited therein during the month and during the fiscal period then ended, the amounts withdrawn therefrom during the month and during the fiscal period, and a statement, in reasonable detail, showing the purpose or purposes for which such withdrawals were made, and (C) a statement of assets and liabilities of the Hotel prepared in accordance with the Uniform System.

(iii) Annually and concurrently with the issuance of the monthly reports delivered in accordance with (ii) above containing the operating results for the fiscal year, the following will also be provided within fifteen (15) days following the end of the fiscal year, disclosure, in reasonable detail, of Annual Management Fees (broken down among the Basic Fee, Incentive Fee and Marina and Sports Fishing Facility Fee) for such fiscal year, including the underlying calculation of Gross Receipts and Profit, Allocable Chain Expense, Hyatt System Costs, and any other material amounts paid or payable to Hyatt or its affiliates with respect to the preceding fiscal year. Collectively, the above financial information is herein referred to as the "Annual Financial Statements" of the books and records of the Hotel pursuant to Section 5.1 of this Agreement for the preceding fiscal year.

(iv) In addition to the foregoing, from time to time as compiled and received by Hyatt, Hyatt shall deliver to Owner copies of daily STR reports (to the extent available) and copies of guest satisfaction surveys (excluding Hyatt's compilations thereof and, to the extent of, any of Hyatt's proprietary information) with respect to the Hotel. In addition, on a monthly basis, Hyatt shall provide an STR report with respect to a regional set of hotels (excluding any other Hyatt hotels), to be determined from time to time by Owner and Hyatt.

(b) Audits

(i) Owner may cause an audit of the Annual Financial Statements to be performed by a firm of independent certified public accountants of recognized national standing in the hotel industry ("Accountants") selected by Owner; provided, however, that Owner shall notify Hyatt of its intent to require such an audit for the subject fiscal year and the identity of the Accountants to be retained no later than forty-five (45) days following receipt of the Annual Financial

Statements. The auditor so selected shall conduct the audit, prepare the audited Annual Financial Statements for the preceding fiscal year, and issue the report thereon no later than March 31 of each fiscal year. The cost of the audit shall be an operating expense of the Hotel for the then current fiscal year. In connection with such audit, Hyatt shall make available to the Accountants all financial books and records of the Hotel that may be requested by the Accountants and shall otherwise cooperate in all reasonable respects in connection with the performance of the audit. The audit shall be conducted in accordance with generally accepted auditing standards. Any information regarding management of the Hotel obtained by Owner as a result of the audit shall be maintained as confidential information.

(ii) In the event that Owner elects to have an audit performed in accordance with (i) above, any and all audit adjustments affecting the calculation of the Annual Management Fees or any amounts related to the Funds must be approved by Hyatt prior to the issuance of the audit report by the Accountants. Such audited Annual Financial Statements issued in accordance therewith and all information contained therein, shall be binding and conclusive on the parties hereto, without further right to review, protest, object or appeal, unless within sixty (60) days following the delivery of such audited Annual Financial Statements, either party shall deliver to the other party notice of its objection thereto setting forth in reasonable detail the nature of such objection ("Objection Notice").

(iii) In the event Owner does not elect to have an audit performed in accordance with (i) above or audited Annual Financial Statements are not issued by March 31, the Annual Financial Statements delivered pursuant to (a)(iii) above and all information contained therein, shall be binding and conclusive on the parties hereto, without further right to review, protest, object or appeal, unless within sixty (60) days following the delivery of such Annual Financial Statements, or within sixty (60) days of March 31 (in the event that Owner has elected to have an audit performed pursuant to this subparagraph (d) and the audited Annual Financial Statements have not been delivered by March 31), either party shall deliver to the other party an Objection Notice with respect to the Annual Financial Statements. (iv) If the parties are unable thereafter to resolve any such timely noticed objections (pursuant to either (ii) or (iii) above) within thirty (30) days of receipt by either party of the Objection Notice, either party shall have the right to cause such objection to be resolved by dispute resolution, conducted in accordance with the provisions of Section 14 of this Agreement. In the event that neither party submits such objection to dispute resolution as provided herein within sixty (60) days of the Objection Notice, then the Annual Financial Statements or the audited Annual Financial Statements, as the case may be, and all information contained therein, shall be binding and conclusive on the parties hereto, without further right to review, protest, object or appeal.

(c) Unless Owner has provided Hyatt notice, as described in subparagraph (b) above, of its intent to cause an audit of the Financial Records of the Hotel to be performed, the Annual Financial Statements delivered pursuant to subsection (a)(iii) above, and all information contained therein, shall be binding and conclusive on the parties hereto, without further right to review, protest, object or appeal, unless, within sixty (60) days following the delivery thereof, either party shall deliver to the other party notice of its objection thereto setting forth in reasonable detail the nature of such objection ("Objection Notice"). If the parties are unable thereafter to resolve any such timely noticed objections within thirty (30) days of receipt by either party of the Objection Notice, either party shall have the right to cause such objection to be resolved by dispute resolution, conducted in accordance with the provisions of Section 14 of this Agreement. In the event that neither party submits such objection to dispute resolution as provided herein within sixty (60) days of the Objection Notice, then the Annual Financial Statements delivered pursuant to subsection (a)(iii) above, and all information contained therein, shall be binding and conclusive on the parties hereto, without further right to review, protest, object or appeal.

(d) In the event that Owner has any other audit of the Hotel in connection with an audit of Owner's accounts performed, any and all audit adjustments affecting the calculation of the Annual Management Fees, or any amounts related to the Funds must be approved by Hyatt prior to the issuance of the audit report by the Accountants.

3. No Other Changes. Except as otherwise herein expressly provided, the Management Agreement shall continue in full force and effect. In the event of any conflict between the provisions of this Amendment and the provisions of the Management Agreement, the provisions of this Amendment shall prevail.

4. Authority. Hyatt and Owner hereby covenant and warrant that they have full right and authority to enter into this Amendment.

5. Owner Estoppel. Owner hereby represents and warrants to Hyatt that as of the Effective Date that neither Owner, nor Hyatt, is in default under any of the terms, covenants or provisions of the Management Agreement. Owner has no knowledge of any event which, but for the passage of time or the giving of notice or both, would constitute an event of default by either Hyatt or Owner under the Management Agreement.

6. Ratification. Except as otherwise expressly modified by the terms of this Amendment, the Management Agreement remains unchanged and shall continue in full force and effect. All terms, covenants, and conditions of the Management Agreement not expressly modified herein are hereby confirmed and ratified and remain in full force and effect, and constitute valid and binding obligations of Owner and Hyatt enforceable according to the terms thereof.

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7. Successors. This Amendment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

8. Counterparts. This Amendment may be executed in counterparts and each such counterpart shall be deemed an original and all of which together shall constitute a single Amendment.

Signatures on the following page

EXECUTION VERSION

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed on their behalf as of the day and year first written above.

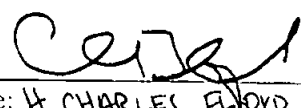
KENCAL OPERATING LLC, a California limited liability company

By: **FST HRI LLC**, a Washington limited liability company, its member and manager

By: **Alegis, L.L.C.**, a Washington limited liability company, its member and manager

By: _____
Name: _____
Its: _____

HYATT CORPORATION, a Delaware corporation

By: 
Name: H. CHARLES FLOYD
Its: EXEC. VP - NORTH AMERICA OPERATIONS

End of Document

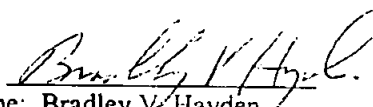
EXECUTION VERSION

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed on their behalf as of the day and year first written above.

KENCAL OPERATING LLC, a California limited liability company

By: FST HRI LLC, a Washington
Limited liability company, its
member and manager

By: BMC-The Benchmark
Management Company, a Texas
corporation, its sole member

By: 
Name: Bradley V. Hayden
Its: Chief Financial Officer

HYATT CORPORATION, a Delaware
Corporation

By: _____
Name: _____
Its: _____

End of Document

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EIGHTH AMENDMENT TO MANAGEMENT AGREEMENT
(Hyatt Regency Mission Bay Spa and Resort)

THIS EIGHTH AMENDMENT TO MANAGEMENT AGREEMENT (this "Amendment") is dated as of September 7, 2012 by and between **CHSP TRS MISSION BAY LLC**, a Delaware limited liability company ("Owner") and **HYATT CORPORATION**, a Delaware corporation ("Hyatt").

BACKGROUND

- A. California Hyatt Corporation and Islandia Associates, Ltd. executed that certain Management Agreement dated August 10, 1976 that was subsequently amended by the Amendment to Management Agreement dated June 29, 1978, the letter agreement dated November 24, 1980, the letter agreement dated August 8, 1983, the Second Amendment to Management Agreement dated as of November 17, 1989, letter regarding notice of merger of California Hyatt Corporation into its parent, Hyatt Corporation dated August 3, 2000, the letter agreement dated June 6, 2002, the Third Amendment to Management Agreement dated as of August 27, 2002, the letter agreement dated January 3, 2006, the Assignment and Assumption of Management Agreement between Islandia Associates, Ltd. and KenCal Operating LLC ("KenCal") dated January 6, 2006 pursuant to which Islandia Associates, Ltd.'s interest was assigned to KenCal, the Fourth Amendment to Management Agreement dated as of January 6, 2006, the Fifth Amendment to Management Agreement dated September 26, 2007, the Sixth Amendment to Management Agreement dated September 26, 2007, the letter agreement dated September 25, 2008, the letter agreement dated May 11, 2010 and the Seventh Amendment to Management Agreement dated as of August 3, 2011 (collectively, the "**Existing Management Agreement**").
- B. On even date herewith, CHSP Mission Bay LLC ("**Landlord**"), an affiliate of Owner, purchased the Hotel from KenCal and KenCal Ownership LLC, a California limited liability company.
- C. Owner leases the Hotel pursuant to that certain lease agreement between Landlord, and Owner, as tenant ("**Tenant**") dated of even date herewith (the "**Operating Lease**"), and concurrently herewith, Landlord, Owner and Hyatt are entering into that certain Landlord, Tenant and Manager Non-Disturbance and Attornment Agreement dated of even date herewith.
- D. Hyatt and Owner now wish to amend the Existing Management Agreement to modify certain terms thereof.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

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1. Recitals; Definitions. The foregoing Recitals are intended to be a material part of this Amendment and are incorporated herein by this reference. Unless otherwise provided herein, all terms used in this Amendment that are defined in the Existing Management Agreement shall have the meanings provided in the Existing Management Agreement. The Existing Management Agreement, as amended by this Amendment, shall be referred to herein as the Management Agreement. All references in the Management Agreement to "Landlord" or "Tenant" shall be deemed to refer to Landlord and Tenant as defined in Recitals B and C above.
2. Eligible Independent Contractor.
 - a. It is intended that Hyatt shall qualify as an "eligible independent contractor" as defined in Section 856(d)(9) of the Internal Revenue Code of 1986, as amended (the "**Code**"). To that end:
 - i. During the Term, Hyatt shall not knowingly or intentionally permit wagering activities to be conducted at or in connection with the Hotel by any Person who is legally authorized to conduct the same. The provisions of the preceding sentence shall not apply to wagering activities conducted by guests of patrons of the Hotel as part of lawful, charitable or other similar fundraising activities at the Hotel.
 - ii. During the Term, Hyatt shall not knowingly or intentionally own, directly or indirectly (within the meaning of Section 856(d)(5) of the Code) and, more than 35% of the shares of Chesapeake Lodging Trust ("**Chesapeake**");
 - iii. During the Term, Hyatt will not knowingly or intentionally permit more than 35% of the total combined voting power of Hyatt's outstanding stock to be owned, directly or indirectly, by one or more persons owning 35% or more of the outstanding stock of Chesapeake; and
 - iv. Hyatt represents and warrants that Hyatt (or a person who is a "related person" within the meaning of Section 856(d)(9)(F) of the Code (a "**Related Person**") with respect to Hyatt) is, as of the date hereof, actively engaged in the trade or business of operating "qualified lodging facilities" (as defined in Section 856(9)(D) of the Code) for one or more Persons who are not Related Persons with respect to Owner ("**Unrelated Persons**")

Notwithstanding the foregoing, no breach of the foregoing provisions shall be deemed a Default or an Event of Default by Hyatt, but Owner shall be entitled, as its sole and exclusive remedy, to terminate this Agreement for breach thereof by notice in writing delivered to Hyatt at any time within the six (6) months of Owner's receipt of actual knowledge of the breach thereof (without payment of any fee or other consideration

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to Hyatt by reason thereof) which termination shall be effective on the date selected by Owner in its notice to Hyatt but no sooner than thirty (30) nor more than one hundred eighty (180) days after the date hereof. Furthermore, the provisions of this Section are included in the Management Agreement solely for the benefit of Chesapeake, as an affiliate of Owner, which is a real estate investment trust subject to Section 856 of the Code. This Section, therefore, shall be of no force or effect, and shall not apply, at any time during the Term as Owner, or any affiliate of Owner (or their successors and assigns as permitted hereunder), are no longer subject to the provisions of said Section 856 of the Code (or any successor provision thereto of similar import).

3. Notices. Section 16 of the Management Agreement is hereby modified by replacing the Owner's address with the following:

If to Owner: Chesapeake Lodging Trust
 1997 Annapolis Exchange Parkway
 Suite 410
 Annapolis, Maryland 21401
 Attention: D. Rick Adams or Chief Investment Officer
 Fax No.: 410-972-4180

With a copy (which shall not constitute notice) to:

c/o Chesapeake Lodging Trust
1997 Annapolis Exchange Parkway
Suite 410
Annapolis, Maryland 21401
Attention: Graham Wooten or Chief Accounting Officer
Fax No.: 410-972-4180

4. Improvements. The parties acknowledge that the "Projects" referenced in Section 4 of the Third Amendment to Management Agreement have been completed.
5. "Profit" Defined. Section 5.2 of the Management Agreement is hereby deleted in its entirety and replaced with the following:

There is attached hereto as Exhibit A, and hereby made a part hereof, a copy of page 35 of the Uniform System of Accounts for the Lodging Industry, Tenth Revised Edition(the "**Current Uniform System**"),showing the items of income and expense which are taken into account in determining "Gross Operating Profit."

The "Profit" derived from the Hotel for any period shall mean the Gross Operating Profit of the Hotel for such period as calculated in accordance with the Current Uniform System, less the following amounts (but only to the extent that

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such amounts are not otherwise deducted under the Current Uniform System in computing Gross Operating Profit):

- (a) An amount equal to the aggregate deposits to the Fund for Replacements of and Additions to Furnishings and Equipment made under Section 5.4 for such period;
- (b) The cost of insurance maintained by Owner and Hyatt in accordance with Section 8 of the Management Agreement and allocable to such period in accordance with generally accepted accounting principles, with respect to the Hotel for such periods, subject to the limitations set forth in Section 8;
- (c) All real and personal property taxes for such period (less refunds, offsets or credits thereof, and interest thereon, if any, received during the period in question) referred to in Section 7.6 and allocable to such period in accordance with generally accepted accounting principles, including, without limitation, costs of contesting the same, but not in excess of the savings achieved by such contest;
- (d) All rental charges required to be paid under the City Lease (without duplication, however, for any amounts designated as rent under the City Lease, but otherwise deducted in computing Profit), but not rent paid under the Operating Lease;
- (e) All capital expenditures and, without duplication, all expenditures for the acquisition of FFE, in excess of amounts available for the payment thereof in the Fund excluding, however, any of the foregoing accounted for as part of Total Project Costs;
- (f) All interest earned on amounts deposited in the Fund for Replacements of and Additions to Furnishings and Equipment;
- (g) The Basic Fee earned for such period (but not the Incentive Fee). For clarity, in no event shall the Marina and Sports Fishing Facility Fee (as defined in the 6th Amendment) be deducted from Profit or in any way affect the calculation of the Incentive Fee;
- (h) All amounts paid by Owner in fulfillment of its indemnification obligations under Section 21(a);
- (i) Any payments made by Owner to Hyatt with respect to taxes on reimbursements in accordance with Section 3.6; and
- (j) All other amounts deductible in the calculation of Profit in respect of such period under the express terms of this Management Agreement.

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In no event shall any rentals under Equipment Leases or any expenditures made from funds on deposit in the Fund, or from the proceeds of insurance recoveries or condemnation awards, be deducted in computing Profit.

6. Fourth Amendment Modifications.

- a. The definition of "City Lease" in Section 1 of the Fourth Amendment is deleted in its entirety and replaced with the following: "City Lease" shall mean that certain Lease Agreement dated October 4, 2005 between KenCal Ownership LLC, a California limited liability company, as Lessee, and the City of San Diego, a California municipal corporation, as Lessor, as assigned to Landlord pursuant to that certain Assignment and Assumption of Ground Lease and Conveyance of Hotel Improvements dated of even date herewith, as such lease agreement may be assigned and amended from time to time.
- b. Section 5 of the Fourth Amendment is hereby modified by replacing the reference (on page 5 of such Fourth Amendment) to "Section 3.10" with "Section 3.5."
- c. Section 18(h) of the Fourth Amendment is hereby modified by deleting the words "Kennedy Associates Real Estate Counsel, Inc."
- d. Sections 26 and 27 of the Fourth Amendment are hereby deleted in their entirety.
- e. Notwithstanding the Fourth Amendment, the definition of "Total Project Costs" shall have the meaning ascribed thereto in the May 11, 2010 side letter between Hyatt and Owner's predecessor in interest.

7. Sixth Amendment Modification.

- a. Section 18 of the Sixth Amendment, which modifies Section 18(d) of the Fourth Amendment, is hereby modified by deleting the reference to "The second sentence of Section 8(d) of the Management Agreement" and replacing it with "Section 18(d) of the Sixth Amendment".

8. Seventh Amendment Modification. Section 7.4(b)(i) and (b)(iii) of the Seventh Amendment are hereby modified by replacing "March 31" with "May 31."

9. May 11, 2010 Letter Agreement Modification. The second paragraph of the Letter Agreement dated May 11, 2010 is hereby modified by deleting the reference to "(as defined in the 5th Amendment)" in its entirety.

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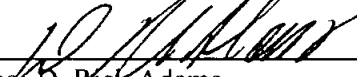
10. No Other Changes. Except as otherwise herein expressly provided, the Management Agreement shall continue in full force and effect. In the event of any conflict between the provisions of this Amendment and the provisions of the Existing Management Agreement, the provisions of this Amendment shall control.
11. Authority. Hyatt and Owner hereby covenant and warrant that they have full right and authority to enter into this Amendment.
12. Owner Estoppel. Owner hereby represents and warrants to Hyatt that as of the date hereof, neither Owner, nor Hyatt, is in default under any of the terms, covenants or provisions of the Management Agreement. Owner has no knowledge of any event which, but for the passage of time or the giving of notice or both, would constitute an event of default by either Hyatt or Owner under the Management Agreement.
13. Ratification. Except as otherwise expressly modified by the terms of this Amendment, the Management Agreement remains unchanged and shall continue in full force and effect. All terms, covenants and conditions of the Management Agreement not expressly modified herein are hereby confirmed and ratified and remain in full force and effect and constitute valid and binding obligations of Owner and Hyatt enforceable according to the terms thereof.
14. Successors. This amendment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.
15. Counterparts. This Amendment may be executed in counterparts. Each such counterpart shall be deemed an original and all of which together shall constitute a single amendment.

[Signatures on the following page]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed on their behalf as of the day and year first written above.

CHSP TRS MISSION BAY LLC,
a Delaware limited liability company

By: 
Name: D. Rick Adams
Its: Vice President

HYATT CORPORATION,
a Delaware corporation

By: _____
Name: _____
Its: _____

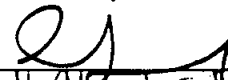
EXECUTION COPY

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CHSP TRS MISSION BAY LLC,
a Delaware limited liability company

By: _____
Name: D. Rick Adams
Its: Vice President

HYATT CORPORATION,
a Delaware corporation

By:  _____
Name: H. Charles Floyd
Its: EYP-North America Operations