

Mariposa Resort and Conference Center Project

Proposed Phased Scope of Services

FOCUS:

In conjunction with the Economic Development Corporation of Mariposa County, the Yosemite/Mariposa Tourism Bureau and the Mariposa County Chamber of Commerce, a series of studies, Requests for Information, and other discussions have taken place relative to the need for and feasibility of a Hotel and Conference Center in Mariposa. At this point from a hotel industry development perspective, in order to demonstrate that a such a facility can be developed in this area, there remains a series of processes that need to be undertaken to prove the feasibility of this project and if feasible, to develop a plan to finance, develop and open it. There is considerable risk in this type of project in tertiary markets and very few are successfully completed. It is the goal of this consulting engagement to determine if such a project is feasible at all, and if so, in what manner can it be successfully financed. Halo Hospitality Group will be sensitive to determining at each step, with the minimum possible financial feasibility study costs to the stakeholder group while still rendering relevant information. It is clear that close communication with all relevant parties at more decision points than might otherwise be the norm will be critical to this project's "Go/No Go" processes to avoid unnecessary risk and expense. This project scope will identify the "First Phase" to be undertaken now, and will also outline "Future Phases" to be undertaken if the First Phase so indicates and at the direction and approval of Mariposa County and the related stakeholders.

DELIVERABLES:

Phase 1: Working within the group's economic development parameters and other goals and objectives (such as the impact of such a project on other hospitality businesses in the Mariposa region as well as potential partnerships with U.C. Merced and others), provide a draft program and draft pro forma financial analysis with a broad level order of magnitude cost analysis to determine if enough feasibility exists in the current credit markets to build a hotel, and at what approximate size and scope. Halo Hospitality will partner with CBRE/PKF Consulting on this Phase. PKF will perform a market study which will indicate the occupancy and average daily

rate projections of a hotel in this region given an assumed number of guest rooms and size of meeting space, and will comment on potential brands that might fit these parameters. CBRE/PKF and Halo Hospitality will also comment on a broader assumption of guest room count and meeting space that will range from 175-400 keys and 12,000 to 50,000 square feet of gross meeting space. These assumptions come from the discussions and previous RFI work and studies that have been completed by Mariposa County. Due to the low density of development in the Yosemite/Mariposa County region, it is assumed that while no specific site has been identified as of yet, there are several potentially acceptable sites within walking distance of the relevant business corridors of Mariposa and which do not include any overwhelming challenges on accessibility/traffic/soils/environmental impact or other factors that would drastically increase the project cost. This study will also involve outreach to UC Merced and possibly other partners to understand how much demand volume could be devoted from these potential partners and what impact that would have on the feasibility of the project.

Halo Hospitality will create a potential cash flow, preliminary development cost, and preliminary financing approaches that are possible including identification of a preliminary financing gap that is anticipated and is the general condition of this type of project around the United States. Halo Hospitality will provide information and data on selected comparative projects that have happened successfully in the US; as well as projects that have been in the works for some time but have not been successful in achieving completion, and an analysis of Halo's perspective on the historical reasons for success or failure in these public/private projects.

Final Deliverables will be further defined and documented in conjunction with the Stakeholders.

SCOPE

1. Review all relevant information available related to the project and the site including but not limited to the following (if they are in existence):
 - a. Previous market studies
 - b. Site plans and surveys;
 - c. Building programs;
 - d. Conceptual architectural drawings and renderings;
 - e. Preliminary budgets;
 - f. Preliminary income pro formas;
 - g. Zoning and entitlement information;
 - h. Environmental and design review reports

2. Meet with Stakeholders to review all available relevant information and discuss goals and objectives, expectations, team members, timing, etc.;
3. Meet with all relevant personnel and consultants to discuss the building program, building program alternatives, the group's expectations, and the consultants' commitment to the stakeholder group, the program, the project, and the timing thereof.
4. After drafting the Market Study (CBRE/PKF), Preliminary Business Plan including Cash Flows, Pro Forma financing and Executive Summary report, discuss findings with stakeholders and make recommendations about building program parameters, product type, and hotel flag (or make recommendations that such project is not feasible and cannot be successfully financed and the reasons therein).
5. Using the pro forma, create a high level (low detail but using recent industry benchmarks for like product) building model, with potential options of size and flag. The hotel will not be designed, so the analysis will be at an order of magnitude estimate for the project, including an "all in" cost for the entire project. This estimate will include contingencies in an amount that will be conservative enough so that if the stakeholder group decides to go ahead with the next phases of the project, this program and financial structure will be the placeholder as the process moves forward.
6. Identify any financing resources that may be available including New Markets Tax Credits, Historic Tax Credits, other grants/debt/partnerships, and any creative financing means which have been utilized on similar projects around the country.

PHASE 2 and Beyond (Not in this scope of work):

These are what the next phases should look like if the feasibility is identified in Phase One, along with a very broad idea of the costs of each phase (Actual Phase Two and Beyond documents would be drafted based on Phase 1 findings):

1. Stakeholders identify funding for Predevelopment Scope for this project which would include:
 - a. Survey of Meeting Planners relative to their interest in and demand volume that would be provided to this facility giving certain parameters of guest room count and meeting space. This would be done by another third party consultant (\$25,000 to \$50,000)
 - b. Identify potential sites, the viability of getting those sites under control and the costs associated with those sites (TBA)
 - c. Due Diligence on these sites (infrastructure costs associated with their development including offsite and onsite work, soils issues, environmental

issues, access, etc.) (TBA) Several third party consultants including civil engineers, contractor, etc.

- d. Massing Study of the selected site or sites by an architect (would the building program fit on the sites and in what manner)
 - e. Conceptual Drawings (pre Schematics) of a potential project
 - f. Cost study by a General Contractor and Halo Hospitality to further define building and development costs.
2. Identify potential partners including Educational and Healthcare entities or other significant Mariposa County resources and identify their level of interest and potential financial commitment
 3. Revise the pro forma and business plan to reflect these items and develop RFQ for potential development partners for the project, assuming that feasibility is still strong.
 4. Enter into Predevelopment Services agreement with development and other partners including finalize funding sources for the project
 5. Take the investment model out to the capital markets (debt and equity) as necessary to source interested parties and identify terms
 6. Recommend and engage as appropriate team members to move forward with the project for the County and stakeholders;
 7. Finalize the site selection and either purchase it or at a minimum achieve site control. Finalize any remaining diligence on the site
 8. Attain the necessary impact entitlements (traffic studies, etc.)
 9. Work with architect and stakeholders to incorporate findings into building program, site plan, and conceptual design package
 10. Select Contractor (including any RFP/RFQ processes that need to take place based on the nature of the final public/private or educational partnership structure that is identified)
 11. Finalize Schematics and move into final cost commitments from Contractor
 12. Provide building program to operator and hotel brands for updated P&L projections and review and comment on same;
 13. Provide building program to contractor and County for updated budget for construction direct and indirect costs and Ownership fees and review and comment on same;
 14. Work with operator, contractor, architect and County to estimate all budget line items other than construction direct and indirect costs;
 15. Update capital plan financing models based on updated budget, costs and proforma;
 16. Attain the necessary entitlements for the selected site
 17. Gain final financing commitments
 18. Attain brand and operator commitments
 19. Fund and finalize design through construction documents and permitting

- 20. Construction to completion
- 21. Preopening marketing and other preopening activities
- 22. Grand Opening

Optional (on-request) estimate direct fiscal benefits of the project to the County and



CONSULTING AGREEMENT

THIS AGREEMENT is made this February 26, 2015 , between:

Mariposa County ("Client") and

Brian Larson, Halo Hospitality Group, LLC ("HHG" or "Consultant").

1. Services. Consultant agrees to perform for Client the services listed in the Scope of Services section in Exhibit A, attached hereto. Such services are hereinafter referred to as "Services." Client agrees that Consultant shall have ready access to Client's staff and resources as necessary to perform the Services provided for by this Agreement.

2. Rate of Payment for Services. Client agrees to pay Consultant for Services in accordance with the schedule set forth below. **Pricing: Phase One will be a flat fee of \$15,000**, based on the scope listed. The fee shall be the **initial retainer of \$5,000** upon execution of this agreement and commencement of work (as defined by "Scope of Work", above), a **progress fee of \$5,000** at a time and based on benchmarks mutually agreed upon with Client, and a **Final Payment of \$5000.00** invoiced and paid upon delivery of the first draft of the Phase 1 Report including a presentation to the County and stakeholders at a time and manner to be mutually agreed upon with Client. If scope changes or additions are desired by "Client", then Halo Hospitality will provide "Client" with an additional cost for approval, and such costs will be approved by "Client" in writing prior to the commencement of any additional scope or tasks.

Phase 2, should Client decide to proceed, will be scoped and priced based on Phase 1 results, parties to proceeding with the project development, and needed services.

3. Invoicing. Client shall pay the amounts agreed to herein upon receipt of invoices which shall be sent by Consultant, and Client shall pay the amount of such invoices to Consultant within thirty (30) days of the date of the invoice (with the exception of the initial retainer, which shall be paid upon commencement of work). Client shall be invoiced monthly, during the first week of each month for work performed during the prior calendar month.

4. Confidential Information. Each party hereto ("Such Party") shall hold in trust for the other party hereto ("Such Other Party"), and shall not disclose to any non-party to the Agreement, any confidential information of such Other Party. Confidential information is

information which relates to Such Other Party's research, development, trade secrets or business affairs, but does not include information which is generally known or easily ascertainable by third parties who possess ordinary skills in computer systems design and programming.

Consultant hereby acknowledges that during the performance of this Agreement, the Consultant may learn or receive confidential Client information and therefore Consultant hereby confirms that all such information relating to the Client's business will be kept confidential by the Consultant, except to the extent that such information is required to be divulged to the Consultant's clerical or support staff or associates in order to enable Consultant to perform Consultant's obligations under this Agreement.

5. Staff. Consultant is an independent contractor and neither Consultant nor Consultant's staff is or shall be deemed to be employed by Client. Client is hereby contracting with Consultant for the Services described in Exhibit A and Consultant reserves the right to determine the method, manner and means by which the Services will be performed. Consultant is not required to perform the Services during a fixed hourly or daily time and if the Services are performed at the Client's premises, then Consultants time spent at the premises is to be at the discretion of the Consultant; subject to the Client's normal business hours and security requirements. The Services shall be performed by Consultant or Consultant's staff, and Client shall not be required to hire, supervise or pay any assistants to help Consultant to perform the Services under this Agreement. Consultant shall not be required to devote Consultant's full time nor the full time of Consultant's staff to the performance of the Services required hereunder, and it is acknowledged that Consultant may have other clients and may offer services to the general public. The order or sequence in which the work is to be performed shall be under the control of Consultant. Except to the extent that the Consultant's work must be performed on or with Client's computers or Client's existing software, all materials used in providing the Services shall be provided by Consultant unless agreed otherwise.

6. Termination: The Client may terminate this Agreement forthwith by notice in writing without cause. If there are issues with the quality of the engagement from Client's perspective, then Consultant should be offered an opportunity to remedy such failure within 30 (thirty) days of receipt of the Client's notice. Where the Client terminates this Agreement, Client shall make full and timely payment(s) for the Services as set forth in Exhibit A that have been provided by Consultant up to the time of termination. Consultant shall be liable for non-performance of the Services to the extent and as provided in Paragraph 14 hereof. Upon termination of this Agreement, Consultant shall immediately return any monetary amounts that Client has paid, including, but not limited to, any portion of a retainer, which are beyond the amounts for services that Consultant has rendered.

7. Insurance. Client shall not provide any insurance coverage of any kind for Consultant or Consultant's staff, and Client will not withhold any amount that would normally be withheld from an employee's pay. Each party shall carry a comprehensive liability insurance policy in force throughout the term of this Agreement covering all of its activities directly or indirectly relating to its performance of this Agreement and providing: (i) bodily injury and death insurance, including automobile liability insurance, in an amount of not less than one million dollars (\$1,000,000) for all injuries and deaths arising from each accident or occurrence; (ii) if required, in accordance with the laws of the State of California, worker's compensation insurance will be acquired; and (iii) property damage insurance in an amount of not less than one million dollars (\$1,000,000) for all property damage arising from each accident or occurrence.

8. Non-solicitation. Each of the parties hereto agrees that, while performing Services under this Agreement, and for a period of six (6) months following the termination of this Agreement, neither party will, except with the other party's written approval, solicit or offer employment to the other party's employees or staff engaged in any efforts under this Agreement.

9. Use of Work Product. Except as specifically set forth in writing and signed by both Client and Consultant, Consultant shall own all intellectual property rights including copyright and patent rights with respect to all materials developed under this Agreement, and Client is hereby granted a non-exclusive licence to use and employ such materials for the Client's internal business purposes only.

10. Consultant and Client Representatives. The following individuals: Brian Larson ("Consultant"), and Roger Biery ("Client") shall represent the Consultant and Client, respectively, during the performance of this Agreement with respect to the Services and any deliverables as defined herein and have authority to execute written modifications or additions to this Agreement as defined in Section 19.

11. Disputes. At all times, the parties will use their best efforts and negotiate in good faith and settle any dispute that may arise out of or relate to this Agreement, or any breach thereof. If any dispute with respect to the performance of this Agreement cannot be settled amicably through discussion and resolution, such dispute should then be resolved through mediation and/or nonbinding arbitration through such entity in Placer County and/or the State of California as deemed mutually acceptable to Client and Consultant. The parties hereby agree to share equally in the costs of said mediation. Both parties agree to co-operate fully with such mediation and to provide such assistance as is necessary to enable the mediator to discharge his duties. All negotiations connected with respect to the dispute shall be conducted in confidence and without prejudice to the rights of the parties in any future proceedings. Nothing in this Clause shall restrict either party's freedom to commence legal proceedings to preserve any legal right or remedy or protect any proprietary or trade secret right.

12. Taxes. Any and all taxes, except income taxes, imposed or assessed by reason of this Agreement or its performance, including but not limited to sales or use taxes, shall be paid by the Client. Consultants shall be responsible for any taxes or penalties assessed by reason of any claims that Consultant is an employee of Client and Client and Consultant specifically agree that Consultant is not an employee of Client.

13. Warranty. Consultant warrants to Client that the material, analysis, data, programs and services to be delivered or rendered hereunder, will be of the kind and quality designated and will be performed by qualified personnel. Special requirements for format or standards to be followed shall be attached as an additional Exhibit and executed by both Client and Consultant. Consultant makes no other warranties, whether written, oral or implied, including without limitation, warranty of fitness for the purpose or merchantability and marketability.

14. Liability. In no event shall either party be liable to the other party for special, indirect or consequential losses or damages, either in contract or tort including loss of profit, loss of business or contract, loss of turnover, loss of goodwill or loss of data, whether or not the possibility of such damages has been disclosed to either party in advance or could have been reasonably foreseen by either party save that such liability does not exclude or limit liability for fraud, gross negligence, death or personal injury as a result of either parties' or either parties' staff's negligence.

15. Entire Agreement. This Agreement including Attachments contains the entire agreement between the parties hereto with respect to the matters covered herein. No other agreements, representations, warranties or other matters, oral or written, purportedly agreed to or represented by or on behalf of Consultant by any of its employees or agents, or contained in any sales materials or brochures, shall be deemed to bind the parties hereto with respect to the subject matter hereof. Client acknowledges that it is entering into this Agreement solely on the basis of the representations contained herein.

16. Applicable Law. Consultant shall comply with all applicable laws in performing Services.

17. Governing Law. This Agreement shall be considered as a contract made in California and according to California law and is subject to the exclusive jurisdiction of the applicable courts to which both parties hereby submit.

18. Severability. If any part of this Agreement is found by a court of competent jurisdiction to be invalid, unlawful or unenforceable for any reason then such part will be severed from the remainder of this Agreement, which will continue to be valid and enforceable to the fullest extent permitted by law. In the event of a holding of invalidity so fundamental as to prevent the

accomplishment of the purpose of this Agreement, the parties shall promptly commence good faith negotiations to remedy such invalidity.

19. Additional Work and Modification. After receipt of a prior written order from Client, which adds to the Services, Consultant may, at its discretion, take reasonable action and expend reasonable amounts of time and money based on such order. Client agrees to pay Consultant for such action and expenditure as set forth in Exhibit A of this Agreement for payments related to Services. Consultant shall provide, in writing, an estimate of time, materials and/or flat fees associated with this increase to the agreed upon scope, to be approved by Client prior to any additional work taking place. Except as otherwise expressly permitted by this Agreement, no change to this Agreement will be effective unless it is in writing and signed by authorised representatives of both parties.

20. Notices. Any notice or other communication required or permitted under this Agreement to be given in writing shall be deemed duly given if signed by or on behalf of a duly authorised officer of the person giving the notice and sent by First Class and certified U.S. Mail to the address of the recipient stipulated below or as notified from time to time.

(i). Notices to Client should be sent to:

(ii). Notices to Consultant should be sent to:

Brian Larson

Halo Hospitality Group, LLC

1975 Somerdale Circle

Roseville, CA 95661

21. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party. Except for the prohibition on assignment

contained in the preceding sentence, this Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto.

22. Waiver. No waiver of any right or breach of any provision of this Agreement shall constitute a waiver of any right or breach of any other provisions of this Agreement unless in writing and signed by both parties.

23. Mutual Indemnification. Each party (the "Indemnifying Party") agrees to indemnify, defend and hold harmless the other party and its directors, members, and employees (collectively, the "Indemnified Party") from and against any and all expenses, liabilities, damages, claims, suits, actions, judgments and costs (including reasonable attorney's fees and costs) arising from or relating to the Indemnifying Party's (i) breach of this Agreement, (ii) breach of any representation or warranty set forth in this Agreement, (iii) negligent, reckless or otherwise unlawful acts or omissions, or the negligent, reckless, or otherwise unlawful acts or omissions by its directors, members, and employees.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first above written.

Client

Consultant

Date

Date

Brian Larson

President

Halo Hospitality Group, LLC