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FRANCIS M. COONEY
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Mar 1, 1993
Time: 09:23

NF 0.00

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TOTAL 0.00

RESOLUTION NO: RA 92-06

A RESOLUTION OF THE REDEVELOPMENT AGENCY
OF THE CITY OF EL PASO DE ROBLES
AUTHORIZING THE CHAIRMAN TO EXECUTE AN
EXCLUSIVE NEGOTIATION AGREEMENT
BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF EL PASO de
ROBLES AND STERLING HOTELS CORPORATION

WHEREAS, Objective #8 of Section 400.10 of Redevelopment Plan of Redevelopment Agency of the City of El Paso de Robles is "the encouragement, promotion and assistance in the development and expansion of local commerce and needed commerce"; and

WHEREAS, the Market Study funded by the Redevelopment Agency and completed April 1990 recommends that the Agency encourage private investors interested in the development of resort developments in Paso Robles; and

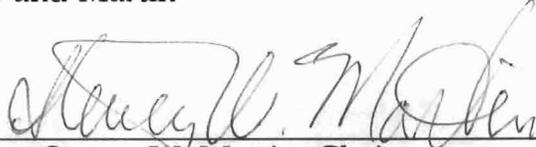
WHEREAS, that same Market Study recommended that a feasibility study be pursued to determine viability of a small conference center in Paso Robles; and

WHEREAS, Sterling Hotels Corporation has proposed to determine the feasibility of a hotel development within the Project Area;

NOW, THEREFORE, BE IT RESOLVED, that the Redevelopment Agency of the City of El Paso de Robles authorizes the Chairman to execute the Exclusive Negotiation Agreement between the Redevelopment Agency of the City of El Paso de Robles and Sterling Hotels Corporation, attached to this resolution as Attachment "A".

PASSED AND ADOPTED THIS 4th day of August 1992 by the following roll call vote:

AYES: Heggarty, Iversen, Macklin, Picanco and Martin
NOES: None
ABSENT: None
ABSTAIN: None


Steven W. Martin, Chairman

ATTEST:


Richard J. Ramirez, Agency Secretary

EXCLUSIVE NEGOTIATION AGREEMENT

Hotel Development

THIS EXCLUSIVE NEGOTIATION AGREEMENT is entered into and effective as of the 4th day of August, 1992, by and between the REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES ("Agency"), and STERLING HOTELS CORPORATION, a California corporation ("Developer") on the terms and provision set forth below.

IT IS MUTUALLY AGREED AS FOLLOWS:

1. EXCLUSIVE GOOD FAITH NEGOTIATIONS.

Agency and Developer agree to negotiate exclusively, diligently and in good faith commencing from and after the date of this Agreement until December 31, 1992, to prepare a mutually acceptable Redevelopment Disposition and Development Agreement ("DDA") which may be entered into by and between Agency and Developer with respect to that area in the Paso Robles Redevelopment Zone which will be designated as the "Prospective Development Site". During such period of exclusive negotiations, each party agrees to exclusively negotiate with the other for the development of a hotel at the Prospective Development Site and agrees not to engage in any other transaction or Agreement on land controlled by the Agency that would impede the other party's work or expectations with respect to the revitalization and redevelopment of the Prospective Development Site. Developer and Agency acknowledge that negotiations may not result in a satisfactory

Agreement and that all negotiations must comply with applicable federal, state and municipal laws. Nothing herein shall be deemed a covenant, promise or commitment by Agency, the City of Paso Robles ("City"), or any agency of the City to enter into a DDA with Developer. The execution of this Agreement by the parties hereto is merely an Agreement to enter into a period of negotiations according to the concepts presented herein. Nothing herein shall limit the absolute discretion of Agency, the City and other agencies of the City as to any approval of the DDA or as to any other actions required of them. Notwithstanding anything to the contrary set forth herein, in the event that either party during the exclusive negotiation period determines that reasonable progress toward execution of the DDA is not being made, then such party shall have the right to terminate this Agreement upon giving forty-five (45) days written notice to the other.

2. PROPOSED DEVELOPMENT SUBMITTALS.

As part of the exclusive negotiation process, Developer will prepare and deliver to the Agency during the exclusive negotiation period the following documents and information for the review and consideration of the Agency as set forth below:

A. PLANNING ITEMS:

- 1) Submit Development Proforma
- 2) Submit Letter(s) of intent from national hotel chain
- 3) Identify other members of planning team (i.e., architect, engineer, attorney, consultants, etc.)

- 4) Prepare a preliminary site plan and concept design, including size and number of guest and meeting rooms
- 5) Prepare a schedule of estimated phasing of all improvements along with an estimate of construction and non-construction costs
- 6) Fully disclose name and references of the final development entity or team

B. FINANCIAL ITEMS:

- 1) Identify source(s) and demonstrate financial capability to provide equity share of development
- 2) Obtain preliminary commitment or letter of intent for construction financing
- 3) Reach agreement with Agency on economic terms of proposed Disposition and Development Agreement
- 4) Submit letter(s) of preliminary commit for permanent project financing

Developer shall provide regular progress reports to the Agency (approximately July 1, 1992, and October 1, 1992) which summarize the major efforts performed during the prior period and indicate the overall status of the proposed Project.

C. AGENCY ITEMS:

As part of the exclusive negotiation process, Agency will use all appropriate efforts to assist the Developer in soliciting and securing financing and related assistance as set forth below:

- 1) Identify Paso Robles area individuals and institutional sources which are potential financial investors and/or participants in the development. In addition to providing introductions, Agency will assist with providing general information about the project and participate in appropriate presentations, as may be requested by Developer, to encourage such investors' potential participation.

- 2) Assist in identifying possible alternative ownership arrangements (e.g. condominiumization of a limited number of the rooms) which may expand options to secure financial participation in the project
- 3) Evaluate potential for the lease/purchase financing for all or portions of the site and other approaches which may contribute to the financial feasibility of the project
- 4) Assist in causing key City officials to be available to participate in presentations, as reasonably requested, to prospective financial participants who the Developer may identify

3. DEVELOPMENT TEAM.

Developer, its successors and assigns, shall be required from time to time, upon request, to make full disclosure to the Agency of its: (1) principals, if any; (2) officers, if any; (3) stockholders, if any; (4) partners, if any; (5) joint ventures, if any; (6) employees; (7) other integral consultants and contractors, if any; and (8) all other pertinent and material information concerning the development team of the Developer.

4. ASSISTANCE AND COOPERATION.

Developer and Agency shall cooperate fully in providing each other with appropriate information and assistance necessary to conduct good faith negotiations. Further, Developer and Agency, and their representatives or agents, shall be willing and available to meet periodically as necessary to complete negotiations on the DDA as early as possible within the period of the Agreement.

5. AGENCY AND CITY COUNCIL PUBLIC HEARING.

If the negotiations hereunder culminate in a DDA which involves the disposition of Agency property to Developer or to an assignee or successor to Developer, such an

Agreement shall become effective only after and if the Agreement has been considered and approved by Agency and the City Council after public hearing.

6. ATTORNEYS' FEES.

In the event of any controversy, claim or dispute between the parties hereto, arising out of or relating to this Agreement or the breach thereof, Developer will defend and hold harmless City and Agency.

7. PUBLIC ANNOUNCEMENTS

The Developer and the Agency agree that at no time will either party make public announcements regarding this project independent of the other. Such actions will be cause to terminate the agreement.

8. LIMITATIONS OF THIS AGREEMENT

By the execution of this Agreement, the Agency is not committing itself to or agreeing to undertake: (a) disposition of land to the Developer; or any other acts or activities requiring the subsequent independent exercise of discretion by the Agency, the City of any agency or department thereof.

This Agreement does not constitute a disposition of property or exercise of control over property by the Agency or City and does not require a public hearing.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set opposite their signatures. The effective date of this Agreement shall be the date

the Agreement is signed by the Agency.

DATED: 8/4, 1992

REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES

By: [Signature]

By: _____

ATTEST:

[Signature]

DATED: 8/10, 1992

STERLING HOTELS CORPORATION

By: [Signature]
R. Morgan Burkett
President

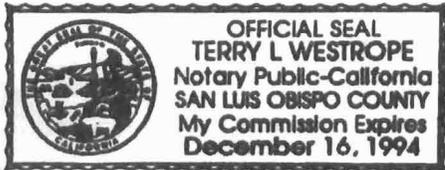
STATE-PURPOSE ACKNOWLEDGMENT

State of California
County of San Luis Obispo }

On Aug. 10, 1992 before me, Terry L. Westrope, Notary Public,
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared R. Morgan Burkett,
NAME(S) OF SIGNER(S)

personally known to me - ~~OR~~ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Witness my hand and official seal.

Terry L. Westrope
SIGNATURE OF NOTARY

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL(S)
- CORPORATE President
OFFICER(S) _____ TITLE(S) _____
- PARTNER(S)
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- SUBSCRIBING WITNESS
- GUARDIAN/CONSERVATOR
- OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

Sterling Hotels Corporation

ATTENTION NOTARY: Although the information requested below is **OPTIONAL**, it could prevent fraudulent attachment of this certificate to unauthorized document.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Title or Type of Document Exclusive Negotiation Agreement
Number of Pages 6 Date of Document 8/4/92
Signer(s) Other Than Named Above City of P. R. Redevelopment