



Inn-Ovation Hotel Group, LLC will provide the development leadership and supervision to ensure that all team members of the hotel project are fulfilling their responsibilities and that all work is well orchestrated to provide for an efficient use of your resources. This development leadership includes:

- (1) Review of feasibility criteria and results of study,
- (2) Review of and active participation in the preparation of design plans, construction drawings and specifications as they are developed (including 'value engineering'); both before and during construction, using experience and ingenuity to ensure that the desired hotel product is delivered,
- (3) Preparation of the development budget in collaboration with the design and construction team,
- (4) Develop the operating pro forma,
- (5) Negotiation of project documents and agreements,
- (6) Working with the financing and legal team to structure and implement project financing,
- (7) Independent construction oversight,
- (8) Review and oversight of pre-opening activities, including budgeting and purchasing of operating supplies and equipment, information technology planning and purchasing, and review, approval and implementation of the pre-opening budget, and
- (9) Post-opening asset management.

More specifically, Inn-Ovation Hotel Group, LLC will provide the comprehensive development management, construction management and manage the hotel operations as detailed below:



DEVELOPMENT MANAGEMENT:

I. Feasibility Phase

1. Facility Evaluation, Feasibility and Analysis

- A. Assist in the selection of feasibility consultant and establishment of criteria of feasibility study.
- B. Oversight of and collaboration with the feasibility consultant in the preparation of professional demand and feasibility studies.
- C. Preparation of preliminary hotel facilities and design criteria.
- D. Preparation of preliminary development cost budgets.
- E. Preparation of income and expense pro formas.
- F. Preparation of investment analysis and return projections.
- G. Evaluation, modeling, and recommendation of various ownership scenarios.

II. Pre-Construction Phase

1. Design, Development and Financing

- A. Establish and monitor selection process for general contractor and major subcontractors, architect, interior designer, engineers (civil, mechanical, electrical, structural), and other specialty consultants.
- B. Monitor all pre-development and entitlement activities, including zoning, permitting, licensing, soil testing, pre-construction evaluation, etc.
- C. Finalize development cost budgets.
- D. Review the initial schedule as well as any revisions to the schedule with the general contractor and provide input to ensure the most efficient and timely completion of the facilities and lowest construction interest costs.
- E. Assume leadership for the legal aspects of the transaction, including the negotiation of dozens of agreements, including as necessary, ground lease or other instrument(s) of land conveyance, trust agreement, construction agreement, agreements associated with operations as further detailed in Section II.3.A, and many others.
- F. Provide vital input as to the programming and design of the hotel facility, and provide leadership and oversight of the design and construction team in the preparation and completion of the hotel facility design and construction documents to ensure a cost-effective, operationally efficient facility that is consistent with hotel brand standards which will maximize long-term profitability for you.
- G. Evaluate potential financial structures and negotiate terms of public investment (if desired), its bond counsel, financial advisors, underwriters and their counsel.



- H. Participate in development of bond offering documents (if desired) and subsequent bond marketing efforts with the investment bankers for bond-financed developments.
- I. Arrange conventional debt and equity financing for privately owned developments.

CONSTRUCTION MANAGEMENT:

III. Construction Phase

1. Construction Management

- A. Direct and monitor construction activities with onsite personnel and executive oversight. Facilitate and arrange necessary work sessions and meetings with you, maintaining team continuity and representing the individual team players as one unit to you.
- B. Represent your interests throughout construction at all necessary functions and meetings until final acceptance of the project. Our personnel will provide you with a comfort level and accessibility throughout the development.
- C. Monitor the contractor's efforts to obtain final permits and approvals.
- D. Review and approve all additional drawings, specifications, clarifications and changes that may occur throughout the course of construction.
- E. Evaluate and negotiate all change order requests and all waivers of lien submitted by the contractor and sub contractor with each payment request to verify that the contractor has performed the work for which payment is requested and that waivers of lien correspond with and support the payment requests.
- F. Periodically observe the contractor's safety procedures, quality assurance and contract compliance.
- G. Verify materials testing and third party inspections as called for in the specifications.
- H. Provide and review with you regular reports featuring input from all team members outlining the status and schedule of the Project.
- I. Monitor contractor's efforts to obtain the Certificate of Occupancy.
- J. Review and participate, as needed, in pay applications, punch list preparation, project closeout and release of warranties.
- K. Following the issuance of Certificate of Substantial Completion for each building or designated portion thereof, evaluate the completion of the work on your behalf.



2. Furniture, Fixtures and Equipment (FF&E)

- A. Direct and monitor the interior designer.
- B. Review objectives and architect's room arrangements, develop and coordinate interior colors, finishes, and textures, select furnishings, artwork and room accessories and propose room layout changes as necessary.
- C. Secure Hotel Franchise design approvals as required.
- D. Manage selection of and engage purchasing agent, present cost/benefit analyses of alternatives, and communicate alternatives to you.
- E. Monitor purchase, shipment and storage of, and inspect furniture, artwork and room accessories, and handle all insurance adjustments and replacements.
- F. Review and recommend warehouse and installation contractor(s) to you, manage and coordinate delivery and installation. Inspect all items, log in, secure, accept/reject, repair and adjust as needed. Assure correct installation and operation. Establish and oversee security of the installation.

HOTEL MANAGEMENT:

3. Pre-Opening Management

- A. Negotiate all agreements pertaining to facility operation, including but not limited to the operating agreement, pre-opening agreement and technical services agreements.
- B. Negotiate franchise agreement.
- C. Oversee and monitor the pre-opening and technical services phase, including budgeting, procurement and installation of operating supplies & equipment (OS&E), computer systems and other information technology (IT).
- D. Provide pre-opening management services, including hiring all staff and establishing all necessary systems to manage the hotel.
- E. Provide pre-opening sales, marketing, advertising, and promotion.
- F. Coordinate the timely and efficient completion and the resolution of any remaining punch list items.
- G. Coordinate and obtain final project and opening approvals.

4. Accounting

- A. Maintain all development cost accounting records
- B. Process all invoices and payments.
- C. Generate monthly draw requests for lenders and investors.
- D. Maintain and reconcile bank accounts and other assets and liabilities.



IV. Operations Phase

Asset Management

1. Operations

- A. Prepare operating plans for consistency with brand standards as required.
- B. Regularly review current performance and marketing strategies and progress.
- C. Perform a periodic performance rating based on hotel property's performance and provide an annual report on performance to you.
- D. Review personnel policies.
- E. Obtain licenses of any concessions, contracts or license agreements and review all such agreements on your behalf for consistency with the terms of the operating agreement and normal operations of hotel properties of the same type.
- F. Develop a Property Maintenance Plan for the regular maintenance and upkeep of the property.

2. Operating Budgets

- A. Develop an annual operating plan and budget.
- B. Report the monthly budget and hotel performance.
- C. Report the annual hotel performance.

3. Capital Plans

- A. Develop and report an annual capital improvement plan.
- B. Provide annual inspection reports of the property.
- C. Provide all Franchise inspection reports of the property.
- D. Oversee renovations and capital improvements of the property.
- E. Provide quarterly financial meetings.

4. Other Duties

- A. Develop and provide to you monthly reports showing the progress of operations, marketing strategies, operating budgets, the physical condition of the property, plans for capital improvements and other issues that may affect the performance of the hotel property.
- B. Review with you the real estate tax assessments with a view to minimizing them.
- C. Provide evaluation, advice, and consultation regarding property financing and disposition alternatives.
- D. Periodically verify the suitability of insurance limits.