

RIVER WALK LEASE AGREEMENT

This Lease Agreement is made and entered into by and between the **CITY OF SAN ANTONIO**, a Texas Municipal Corporation (hereinafter referred to as "**CITY**"), acting herein through its City Manager, or her designated representative, pursuant to Ordinance No. _____, passed and approved by the City Council on the _____ day of _____, 2011, and **CHATHAM SAN ANTONIO LEASECO, LLC** (a Delaware limited liability company and hereinafter referred to as "**LESSEE**"), acting by and through its duly authorized officers, WITNESSETH:

1. DEMISE OF PREMISES

1.1. **CITY**, for and in consideration of the rents, covenants and promises herein contained to be kept, performed and observed by **LESSEE**, does hereby lease and demise to **LESSEE**, and **LESSEE** does hereby rent and accept from **CITY** for the term hereinafter set out, the real property owned by the **CITY** in the San Antonio River Walk Area as outlined on the drawings which are attached hereto as **Exhibit A** incorporated by reference herein for the purposes of this Lease Agreement, the same as if fully copied and set forth at length. Said real property and improvements (hereinafter referred to as the Leased Premises) are further described as follows:

1.1.1. Airspace over the San Antonio River Walk beginning at a height of sixteen feet and three-quarters inch (16'3/4") above an area containing a total of 1,528 sq. ft. adjacent to southern boundary of lot 13, New City Block 107, San Antonio Drug Company Subdivision, City of San Antonio, Bexar County, Texas, recorded in Volume 9530, Page 99, Deed and Plat Records of Bexar County, Texas and as more particularly described on Exhibit A.

2. USE OF PREMISES

2.1. **LESSEE** agrees that the Leased Premises shall be utilized for the sole purpose of dining, including the service of food and/or alcoholic and non-alcoholic beverages, and such other uses consistent with the operation of a hotel all in accordance with applicable statutes, laws, ordinances, rules and regulations of the United States, the State of Texas, and the City of San Antonio, Texas.

2.2. **CITY'S** Reservation of Rights – In addition to the **CITY'S** Reservations set out in Article 15 and other sections of the Lease Agreement, **CITY** reserves the right to a public right-of-way along the River Walk area to follow a path designated by the **CITY** for safe passage by pedestrians. **LESSEE** shall keep said right of way free of obstructions in the form of either fixed or movable objects and shall not allow patrons to queue, or wait for entrance into **LESSEE'S** business establishment, in said public right of way. **LESSEE** shall comply with the **CITY'S** laws pertaining to queuing along the River Walk area and in addition to the right of way restrictions described above, shall not use any public space along the River Walk area for the queuing or waiting of patrons without first obtaining the written consent of **CITY**. Failure to comply with this section may, at **CITY'S** option, constitute default under this Lease Agreement.

3. TERM, TERMINATION, & RENEWAL OPTION

- 3.1. The term of this Lease is for a period beginning on January 1, 2012 and ending May 31, 2016. The right is expressly reserved to the CITY, acting through the City Council, to terminate this Lease Agreement for the following:
 - 3.1.1. In the event the use of the Leased Premises shall have been deemed a nuisance by a court of competent jurisdiction; or
 - 3.1.2. In the event LESSEE shall default in the performance of any covenants or agreements contained herein and shall fail, following thirty (30) calendar days written notice of such default, to remedy same, save and except a ten (10) calendar days notice period will apply in the case of Default in the payment of rent.
- 3.2. In the event of termination by City Council in relation to 3.1.1 above, the CITY shall give LESSEE notice in writing at least thirty (30) calendar days prior to the termination date.
- 3.3. As long as LESSEE is not in default, this lease agreement may be extended for up to three (3) additional terms of up to five (5) years each under all terms and conditions of this lease agreement except rent and insurance which may be adjusted so as to be consistent with fair market rental rate and insurance coverages and amounts as deemed appropriate by CITY for subject property. In order to extend agreement, LESSEE shall notify CITY in writing at least 90 calendar days prior to the expiration date of the original term, or any extended term, of its desire to exercise an option to extend the lease term. Provided LESSEE is not in default and LESSEE is agreeable to changes in rent and insurance, if any, for the extended terms, CITY through the DIRECTOR may authorize lease extensions.

4. RENTAL

- 4.1. The rental may be paid in one lump sum in advance or in monthly installments in advance on the first day of each month in accordance with the following payment schedule:
 - 4.1.1. For the term 1/1/2012 – 5/31/2012:
(\$1.19 per square foot per month): \$9,091.60 payable in one lump sum in advance per year or \$1,818.32 per month.
 - 4.1.2. For the term 6/1/2012 – 5/31/2013:
(\$1.22 per square foot per month): \$22,369.92 payable in one lump sum in advance per year or \$1,864.16 per month.
 - 4.1.3. For the term 6/1/2013 – 5/31/2014:
(\$1.25 per square foot per month): \$22,920.00 payable in one lump sum in advance per year or \$1,910.00 per month.
 - 4.1.4. For the term 6/1/2014 – 5/31/2015:
(\$1.28 per square foot per month): \$23,470.08 payable in one lump sum in advance per year or \$1,955.84 per month.

4.1.5. For the term 6/1/2015 – 5/31/2016:
(\$1.31 per square foot per month): \$24,020.16 payable in one lump sum in advance
per year or \$2,001.68 per month.

4.2. Payment shall be submitted to:

City of San Antonio
Revenue Division
P. O. Box 839975
San Antonio, Texas 78283-3975

ALL MONTHLY PAYMENTS OF RENT ARE DUE ON OR BEFORE THE FIRST DAY OF EACH AND EVERY MONTH DURING THE TERM OF THIS LEASE AGREEMENT.

4.3. A fifty dollar (\$50.00) late charge will be assessed on any payment received on the eleventh (11th) day of the applicable month or any day thereafter. All past due rentals under the terms of this Lease Agreement shall bear interest at the rate of 12% per annum from the date due until paid in full by LESSEE, or at the highest rate allowed by law, should 12% be deemed usurious.

4.3.1. The ten (10) day period before the late charge is applied should not be considered a “GRACE PERIOD;” nor shall the late charge provision be considered as an “option” for rental payments to be made late. All payments are considered late if not received in the CITY’S Treasury office by the close of business on the first day of each calendar month.

4.3.2. At any time during the Lease term if more than two (2) Insufficient Funds Checks are presented to the CITY in payment of rental or other considerations during a twenty-four (24) month period, LESSEE will be placed on a cash or money order basis for the following two (2) Lease years.

4.3.3. At any such time, should the CITY’S Department of Finance establish and issue uniform policies related to late payment of rent and/or Insufficient Funds Checks, which may be contrary to the terms stated in subsections 4.3.1 – 4.3.2 above, the Department of Finance’s policies shall prevail. CITY shall make every effort to formally notify LESSEE of any such change(s) in advance.

4.3.4. Notwithstanding anything to the contrary set forth in this Lease Agreement, if LESSEE shall fail to make the timely payment of any rent or any additional charges due the CITY from LESSEE or the payment of any other money due the CITY from LESSEE under the terms of this Lease, and any such failure shall be repeated two (2) times in any period of twelve (12) consecutive months, then notwithstanding that any such failure shall have been cured within the period after notice, as provided in this Lease, any further similar failure within said twelve (12) month period shall be deemed to be a **Repeated Event of Default**.

4.3.5. In the event of a **Repeated Event of Default**, CITY, without giving LESSEE any notice and without affording LESSEE an opportunity to cure the default, may terminate this Lease forthwith without notice to LESSEE. If such action is taken by

CITY, it shall be consistent with the standard applied to River Walk leases.

- 4.4. Payment shall be made in a manner consistent with Treasury division rules and regulations and shall be subject to various charges and requirements for failure to comply with those rules including, but not limited to, charges and requirements imposed for the submittal of insufficient fund checks.

5. ACCEPTANCE AND CONDITION OF PREMISES

- 5.1. LESSEE has had full opportunity to examine the Leased Premises and acknowledges that there is in and about them nothing dangerous to life, limb or health and hereby waives any claim for damages that may arise from defects of that character after occupancy. LESSEE'S taking possession of the Leased Premises shall be conclusive evidence of LESSEE'S acceptance thereof in good order and satisfactory condition, and LESSEE hereby accepts the Leased Premises in its present AS IS, WHERE IS, WITH ALL FAULTS CONDITION as suitable for the purpose for which leased. LESSEE accepts the Leased Premises with the full knowledge, understanding and agreement that CITY disclaims any warranty of suitability for LESSEE'S intended commercial purposes.
- 5.2. LESSEE agrees that no representations, respecting the condition of the Leased Premises, and no promises to decorate, alter, repair or improve the Leased Premises, either before or after the execution hereof, have been made by CITY or its agents to LESSEE unless the same are contained herein or made a part hereof by specific reference herein.

6. UTILITIES

- 6.1. LESSEE shall furnish and pay for all gas, water, electricity, sewer, cable TV or other utilities, if any, which may be necessary for its operations as authorized herein on the Leased Premises. LESSEE further agrees to pay all monthly charges associated with effective maintenance of said operation. Should connection or reconnection of any utility become necessary, LESSEE agrees to pay any expenses therefore, unless the same is caused by any acts undertaken by CITY.

7. IMPROVEMENTS

- 7.1. LESSEE shall not construct, or allow to be constructed, any improvements or structures on the Leased Premises nor shall LESSEE make, or allow to be made, any alterations to the Leased Premises without the prior written approval of the CITY through the DIRECTOR and any and all other necessary departments, boards or commissions of the CITY OF SAN ANTONIO, including, but not limited to, the Historic and Design Review Commission. CITY acknowledges and accepts the improvements to the Leased Premises that exist as of the effective date of this agreement.
- 7.2. LESSEE covenants that it shall not bind, or attempt to bind, CITY for the payment of any money in connection with the construction, repair, alteration, addition or reconstruction in, on, or about the Leased Premises. Further, LESSEE agrees to remove, within thirty (30) days after filing, by payment or provisions for bonding, any mechanic's or materialman's liens filed against the Leased Premises and to indemnify CITY in connection with such liens to the extent of any damages, expenses, attorney's fees, or court costs incurred by CITY.

8. MAINTENANCE OF PROPERTY

- 8.1. **LESSEE** shall, at all times, maintain the sidewalks adjacent to the Leased Premises free from obstructions of any kind, and **LESSEE** shall not use any sidewalk area in the exercise of privileges granted herein, except to pass to and from the Leased Premises; however, **LESSEE'S** use may at no time obstruct public access to the River Walk sidewalk.
- 8.2. **LESSEE** shall, at all times, keep or cause to be kept the Leased Premises free of litter, trash, paper and other waste and shall place same in standard trash containers in the street or in other appropriate locations and shall conform with all applicable garbage, sanitary and health regulations of the **CITY**.
- 8.3. **LESSEE** shall, at its sole expense, keep the Leased Premises in good order, repair, and leasable condition at all times during the term hereof and shall promptly repair all damages to the Leased Premises or replace any broken fixtures or appurtenances within a reasonable period of time. All such repairs and replacements shall be subject to the written approval of the **CITY** through the **DIRECTOR** and any and all other necessary departments, boards, or commissions of the **CITY OF SAN ANTONIO**, including, but not limited to, the Historic and Design Review Commission. If **LESSEE** does not promptly make such arrangements (within 60 calendar days after date of written notice from **CITY**), **CITY** may, but is not required to, make such repairs and replacements and the costs paid or incurred by **CITY** for such repairs and replacements shall be deemed additional rent due and payable forthwith.
- 8.4. **LESSEE** agrees to hold **CITY** harmless for any theft, damages or destruction of signs, goods and/or other property of **LESSEE** both during the term of this Lease and as so left on the Leased Premises after **LESSEE** vacates the Leased Premises. If said signs, goods and any other property placed by **LESSEE** upon the Leased Premises are not removed within thirty (30) calendar days after the Leased Premises are vacated, then the **CITY** may remove same without further notice or liability therefore.

9. TAXES AND LICENSES

- 9.1. **LESSEE** shall pay, on or before their respective due dates, to the appropriate collecting authority, all Federal, State and local taxes and fees which are now or may hereafter be levied upon the Leased Premises, or upon **LESSEE**, or upon the business conducted on the Leased Premises, or upon any of **LESSEE'S** property used in connection therewith; and shall maintain in current status all Federal, State and local licenses and permits required for the operation of the business conducted by **LESSEE**. Failure to comply with the foregoing provisions shall constitute grounds for termination of this Lease Agreement by the **CITY**.

10. ASSIGNMENT AND SUBLETTING

- 10.1. Except as to the parent, subsidiary, similarly affiliated company, or related person or party or to a financial institution as part of a financing transaction for ownership or development of lot 13, New City Block 107, San Antonio Drug Company Subdivision, or to a purchaser of lot 13, New City Block 107, San Antonio Drug Company Subdivision, **LESSEE** shall not assign this Lease Agreement, or allow same to be assigned by operation of law or otherwise, or sublet/subcontract the Leased Premises or any part thereof without the prior written consent of **CITY** which may be

given only by or pursuant to an ordinance enacted by the City Council of San Antonio, Texas, but shall not be unreasonably withheld. Any assignment or subletting by LESSEE without such permission shall constitute grounds for termination of this Lease Agreement by the CITY.

- 10.2. Without the prior written consent of LESSEE, CITY shall have the right to transfer and assign, in whole or in part, any of its rights and obligations under this Lease Agreement and in the property referred to herein; and, to the extent that such assignee assumes CITY'S obligations hereunder, CITY shall, by virtue of such assignment, be released from such obligation.
- 10.3. The receipt by the CITY of rent from an assignee, or occupant of the Leased Premises shall not be deemed a waiver of the covenant in this Lease Agreement against assignment and or an acceptance of the assignee, or occupant as a LESSEE, or a release of the LESSEE from further observance or performance by the LESSEE of the covenants contained in this Lease Agreement. No provision of this Lease Agreement shall be deemed to have been waived by the CITY unless such waiver is in writing and signed by the CITY.

11. DEFAULT AND REMEDIES

- 11.1. The following events shall be deemed to be events of default by LESSEE under this Lease Agreement:
 - 11.1.1. LESSEE shall fail to pay any installment of rent as provided for in this Lease Agreement and such failure shall continue for a period of ten (10) calendar days.
 - 11.1.2. The unauthorized subletting of any part of the Leased Premises.
 - 11.1.3. The encroachment on the public right-of-way beyond the authorized Leased Premises.
 - 11.1.4. LESSEE shall fail to comply with any term, provision or covenant of this Lease Agreement, other than the payment of rent, and shall not cure such failure within thirty (30) calendar days after written notice thereof to LESSEE, unless LESSEE has undertaken to effect such cure within such thirty (30) calendar day period and is diligently prosecuting the same to completion in the CITY'S sole judgment.
- 11.2. Upon the occurrence of an event of default as heretofore provided, CITY may, at its option, declare this Lease Agreement, and all rights and interests created by it, terminated. Upon CITY electing to terminate, this Lease Agreement shall cease and come to an end as if that were the day originally fixed herein for the expiration of the term hereof; or CITY, its agents or attorney may, at its option, resume possession of the Leased Premises and re-let the same for the remainder of the original term for the best rent CITY, its agents or attorney may obtain for the account of LESSEE without relieving LESSEE of any liability hereunder as to rent still due and owing in this Lease Agreement, or any extension thereof, as applicable. LESSEE shall make good any deficiency.
- 11.3. Any termination of this Lease Agreement as herein provided, shall not relieve LESSEE from the payment of any sum or sums that shall then be due and payable or become due and payable to CITY hereunder, or any claim for damages then or theretofore accruing against LESSEE

hereunder, and any such sum or sums or claim for damages by any remedy provided for by law, or from recovering damages from LESSEE for any default hereunder. All rights, options and remedies of CITY contained in this Lease Agreement shall be cumulative of the other, and CITY shall have the right to pursue any one or all of such remedies or any other remedy or relief available at law or in equity, whether or not stated in this Lease Agreement. No waiver by CITY of a breach of any of the covenants, conditions or restrictions of this Lease Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other covenant, condition or restriction herein contained.

- 11.4. Upon any such expiration or termination of this Lease Agreement, LESSEE shall quit and peacefully surrender the Leased Premises to CITY, and CITY, upon or at any time after such expiration or termination, may, without further notice, enter upon and re-enter the Leased Premises and possess and repossess itself thereof, by force, summary proceedings, ejectment or otherwise, and may dispossess LESSEE and remove LESSEE and all other persons and property, including all signs, furniture, trade fixtures, and other personal property which may be disputed as to its status as fixtures, from the Leased Premises, and such action by CITY shall not constitute CITY'S acceptance of abandonment and surrender of the Leased Premises by LESSEE nor prevent CITY from pursuing all legal remedies available to it.

12. INDEMNIFICATION

- 12.1. LESSEE covenants and agrees to FULLY INDEMNIFY, DEFEND and HOLD HARMLESS, the CITY and the elected officials, employees, officers, directors, volunteers and representatives of the CITY, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to LESSEE'S activities under this Agreement, including any acts or omissions of LESSEE, any agent, officer, director, representative, employee, consultant or subcontractor of LESSEE, and their respective officers, agents employees, directors and representatives while in the exercise of performance of the rights or duties under this Agreement. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of CITY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. IN THE EVENT LESSEE AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.
- 12.2. The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. LESSEE shall advise the CITY in writing within 24 hours of any claim or demand against the CITY or LICENSEE known to LESSEE related to or arising out of LESSEE'S activities under this AGREEMENT and shall see to the investigation and defense of such claim or demand at LESSEE'S cost. The CITY shall have the right, at its option and at its

own expense, to participate in such defense without relieving LESSEE of any of its obligations under this paragraph.

13. INSURANCE REQUIREMENTS

- 13.1. Any and all employees, representatives, agents or volunteers of LESSEE while engaged in the performance of any work required by the CITY or any work related to a lease of space or Concession Agreement with the CITY shall be considered employees, representatives, agents or volunteers of LESSEE only and not of the CITY. Any and all claims that may result from any obligation for which LESSEE may be held liable under any Workers' Compensation, Unemployment Compensation or Disability Benefits law or under any similar law on behalf of said employees, representatives, agents or volunteers shall be the sole obligation and responsibility of LESSEE.
- 13.2. Prior to the commencement of any work under this Lease Agreement, LESSEE shall furnish a completed Certificate(s) of Insurance, including endorsements, to the CITY'S Director, Downtown Operations Department, which shall be completed by an agent authorized to bind the named underwriter(s) and their company to the coverage, limits, and termination provisions shown thereon, and which shall furnish and contain all required information referenced or indicated thereon. The certificate(s), and endorsements, must have the agent's signature and phone number, and be mailed directly from the agent to the CITY. The CITY shall have no duty to pay or perform under this Lease Agreement until such certificate shall have been delivered to the CITY'S Director, Downtown Operations Department, and no officer or employee shall have authority to waive this requirement.
- 13.3. LESSEE'S financial integrity is of interest to CITY, therefore, subject to LESSEE'S right to maintain reasonable deductibles in such amounts as are approved by CITY, LESSEE shall obtain and maintain in full force and effect for the duration of this Lease Agreement, and any extension hereof, at LESSEE'S sole expense, insurance coverage written, on an occurrence basis, unless otherwise indicated, by companies authorized to do business in the State of Texas and with an A.M. Best's rating of no less than A- (VII), in the following types and for an amount not less than the amount listed below:

TYPE	AMOUNT
Workers' Compensation and Employers Liability	Statutory \$500,000/\$500,000/\$500,000
Broad Form Commercial General Liability Insurance to include coverage for the following: a. Premises/Operations b. Independent Contractors c. Products/completed operations e. Personal Injury g. Contractual Liability	For Bodily Injury and Property Damage of \$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage.
Property Insurance: For physical damage to the property of LESSEE, including improvements and betterment to the Leased Premises	Coverage for a minimum of eighty percent (80%) of the replacement cost of LESSEE'S property

13.4 LESSEE agrees that with respect to the above required insurance, all insurance contracts and Certificate(s) of Insurance will contain the following required provisions:

13.4.1 Name the CITY and its officers, employees, volunteers and elected representatives as additional insured by endorsement, as respects operations and activities of, or on behalf of, the named insured performed under contract with the CITY, with the exception of the workers' compensation and professional liability policies;

13.4.2 Provide for an endorsement that the "other insurance" clause shall not apply to the City of San Antonio where the CITY is an additional insured shown on the policy;

13.4.3 Workers' compensation, employers' liability and general liability policy will provide a waiver of subrogation in favor of the CITY.

13.4.4 Provide advance written notice directly to City of any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10) calendar days advance notice for non-payment of premium. All notices shall be given to the CITY at the following address:

City of San Antonio
Downtown Operations Department
P.O. Box 839966
San Antonio, Texas 78283-3966

13.4.5 Within five (5) calendar days of a suspension, cancellation or non-renewal of

coverage, **LESSEE** shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend consultant's performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement.

- 13.5 The **CITY** may upon **LESSEE'S** failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the **CITY** shall have the right to order **LESSEE** to stop the use of the Leased Premises hereunder until **LESSEE** demonstrates compliance with the requirements hereof.
- 13.6 Nothing herein contained shall be construed as limiting in any way the extent to which **LESSEE** may be held responsible for payments of damages to persons or property resulting from **LESSEE'S** or its subcontractors' performance of the work covered under this **AGREEMENT**.
- 13.7 It is agreed that **LESSEE'S** insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of San Antonio for liability arising out of operations under this Agreement.
- 13.8 It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement and that no claim or action by or on behalf of the **CITY** shall be limited to insurance coverage provided.
- 13.9 All personal property placed in the Leased Premises shall be at the sole risk of **LESSEE**. **CITY** shall not be liable, and **LESSEE** waives all claims for any damage either to the person or property of **LESSEE** or to other persons due to the Leased Premises or any part of appurtenances thereof becoming out of repair or arising from bursting or leaking of water, gas, waste pipes, or defective wiring or excessive or deficient electrical current; or from any act or omission of employees, or other occupants of the Leased Premises, or any other persons; due to the happening of any accident in or about Leased Premises. **LESSEE** shall save and hold harmless **CITY** from any claims arising out of damage to **LESSEE'S** property or damage to **LESSEE'S** business, including subrogation claims by **LESSEE'S** insurers.

14. RULES AND REGULATIONS AND PROHIBITED USES

- 14.1. **LESSEE** shall observe and comply with all laws and ordinances of the **CITY** affecting **LESSEE'S** business, including but not limited to, the **CITY'S** noise ordinance and the provisions concerning operation of businesses in the River Walk area in the Downtown Central Business District.
- 14.2. No advertisements, signs, decorations or displays visible from the San Antonio River shall be placed in, on, or about the Leased Premises without the prior written approval of the **CITY** through the Director, Downtown Operations Department, or her designee, and any and all other necessary departments, boards or commissions of the **CITY OF SAN ANTONIO**, including, but not limited to, the Historic and Design Review Commission. The **CITY** agrees that all signs in,

on, or about the Leased Premises at the time of execution of this Agreement are deemed approved. LESSEE agrees to remove all signs from the Leased Premises when LESSEE vacates the Leased Premises.

- 14.3. Encroachment on the public sidewalk beyond the authorized Leased Premises or into the Public Right-of-Way is not permitted.
- 14.4. No activity or method of operation shall be allowed in, on or about the Leased Premises, which exposes patrons thereof to nudity or to partial nudity. For the purposes of this provision, the following definitions apply:
 - 14.4.1. Nudity means total absence of clothing or covering for the human body.
 - 14.4.2. Partial nudity means exposure of the female breast or the exposure of the male or female pubic area or buttocks.
 - 14.4.3. Any nudity as specified above will constitute a violation of this Article and result in an Event of Default.
- 14.5. The operation of massage business, tanning salon, gambling casino, or gambling of any nature shall not be allowed in, on, or about the Leased Premises.
- 14.6. Discrimination because of race, color, sex, age, handicap, or national origin, directly or indirectly, in employment or in the use of or admission to the Leased Premises is prohibited.
- 14.7. LESSEE shall not, except as may otherwise be permitted by applicable laws and regulations, pay less than the minimum wage required by Federal and State statutes and CITY ordinances to persons employed in its operations hereunder.
- 14.8. LESSEE shall not place speakers or amplified music in any location outside the enclosed building on any side of the Leased Premises that can be seen from the San Antonio River. LESSEE shall comply with CITY'S laws pertaining to noise. LESSEE agrees to comply with any requests by the CITY'S park police, police officers, noise abatement officers, or other CITY representative to close the windows and doors of LESSEE'S business establishment after the hour of 11:00 p.m., except as necessary for entry to and exit from the establishment. Such requests shall be limited to instances in which the officers have measured a nighttime noise decibel level measurement at the establishment exceeding the requirements of Chapter 21 of the City Code of the City of San Antonio immediately prior to making such request. LESSEE'S failure to comply with this section may, at CITY'S option, constitute default under this Lease Agreement.

15. RESERVATIONS: CITY

- 15.1. CITY reserves the right to enter the Leased Premises at all reasonable times for the purpose of examining, inspecting or making repairs as herein provided. LESSEE shall not be entitled to an abatement or reduction of rent because of such entry, nor shall said entry be deemed an actual or constructive eviction of LESSEE from the Leased Premises. Should construction or other activity by CITY prevent LESSEE'S use of the Leased Premises for the purposes outlined herein

for longer than ten (10) calendar days, then LESSEE shall be entitled to an abatement of rent under this Lease Agreement for such period of time and, at LESSEE'S option, this Lease Agreement may be terminated or extended for the same number of days LESSEE'S use of Leased Premises was denied.

- 15.2. No provision of this Lease Agreement shall operate in any manner to prevent CITY from permitting displays, tournaments or amusements, or River Walk parades for the benefit of the public.
- 15.3. CITY park police, police, and other public safety personnel shall have the right of entry on and into the Leased Premises as needed to investigate any circumstances, conditions, or person(s) that may appear to be suspicious. LESSEE shall cooperate with all reasonable requests by such personnel to facilitate public safety and orderly conduct by persons in the River Walk area. LESSEE expressly understands and agrees that CITY has not agreed to act and does not act as an insurer of LESSEE'S property and does not guarantee security against theft, vandalism, or injury of whatever nature and kind to persons or property.

16. HOLDING OVER

- 16.1. Should LESSEE hold over the Leased Premises, or any part thereof, after the expiration or termination of the term of this Lease Agreement, unless otherwise agreed in writing, such holding over shall constitute and be construed as a tenancy from month to month only, at a rental equal to two hundred percent (200%) of the amount of the rent paid for the last month of the term of this Lease Agreement. The inclusion of the preceding sentence shall not be construed as CITY'S consent for the LESSEE to hold over.

17. QUIET ENJOYMENT

- 17.1. CITY covenants and agrees, subject to the provisions of this Lease Agreement, that LESSEE, on paying the rent and all other charges in this Lease Agreement provided for and observing and performing the covenants, agreements and conditions of this Lease Agreement on its part to be observed and performed, shall lawfully and quietly hold, occupy and enjoy the Leased Premises during the term without hindrance or molestation of any kind whatsoever.

18. CONFLICT OF INTEREST

- 18.1. LESSEE acknowledges that it is informed that the Charter of the City of San Antonio and its Ethics Code prohibit a City officer or employee, as those terms are defined therein, from having a financial interest in any contract with the City or any City agency such as City owned utilities. An officer or employee has a "prohibited financial interest" in a contract with the City or in the sale to the City of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale: a City officer or employee; his parent, child or spouse; a business entity in which the officer or employee, or his parent, child or spouse owns ten (10) percent or more of the voting stock or shares of the business entity, or ten (10) percent or more of the fair market value of the business entity; a business entity in which any individual or entity above listed is a subcontractor on a City contract, a partner or a parent or subsidiary business entity.

- 18.2. **LESSEE** warrants and certifies, and this Lease Agreement is made in reliance thereon, that it, its officers, employees and agents are neither officers nor employees of the City or any of its agencies such as City owned utilities.

19. SEPARABILITY

- 19.1. If any clause or provision of this Lease Agreement is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease Agreement, then and in that event it is the intention of the parties hereto that the remainder of this Lease Agreement shall not be affected thereby, and it is also the intention of the parties to this Lease Agreement that in lieu of each clause or provision of this Lease Agreement that is illegal, invalid or unenforceable, there be added as a part of this Lease Agreement a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

20. NOTICES

- 20.1. Notices to **CITY** required or appropriate under this Lease Agreement shall be deemed sufficient if in writing and mailed, First Class mail, postage prepaid, addressed to any or all of the following:

City of San Antonio
Downtown Operations Department
Contract Services Division
P.O. Box 839966
San Antonio, Texas 78283-3966

City of San Antonio
City Clerk's Office
P.O. Box 839966
San Antonio, Texas 78283-3966

or to such other address as may have been designated in writing by the **CITY**.

Notices to **LESSEE** shall be deemed sufficient if in writing and mailed, First Class mail, postage prepaid, addressed to **LESSEE** at:

Chatham Lodging Trust
Attention: General Counsel
50 Coconut Row
Palm Beach, Florida 33480

Or to such other address as **LESSEE** may provide in writing to **CITY**.

21. PARTIES BOUND

- 21.1. If there shall be more than one party designated as **LESSEE** in this Lease, they shall each be bound jointly and severally hereunder.
- 21.2. The covenants and agreements herein contained shall inure to the benefit of and be binding upon the parties hereto; their respective heirs, legal representatives, successors, and such assigns as have been approved by **CITY**.

22. TEXAS LAW TO APPLY

22.1. **THIS AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AND ALL OBLIGATIONS OF THE PARTIES CREATED HEREUNDER ARE PERFORMABLE IN BEXAR COUNTY, TEXAS.**

23. LIEN FOR RENT

23.1. In consideration of the mutual benefits arising under this Lease Agreement, **LESSEE** does hereby mortgage, and grant a security interest under the Texas Business and Commerce Code unto **CITY**, upon all property of **LESSEE** now or hereafter placed in or upon the Leased Premises (except such part of any property or merchandise as may be exchanged, replaced or sold from time to time in the ordinary course of operations or trade), and such property is hereby subjected to a lien and security interest in favor of **CITY** and shall be and remain subject to such a lien and security interest in favor of **CITY** for payment of all rents and other sums agreed to be paid by **LESSEE** herein. At **CITY'S** request, **LESSEE** shall execute and deliver to **CITY** a financing statement appropriate for use under said Code. Such lien and security interest shall be in addition to and cumulative of **CITY'S** liens provided by law.

24. RELATIONSHIPS OF PARTIES

24.1. Nothing contained herein shall be deemed or construed by the parties hereto or by any third party as creating the relationship of principal and agent, partners, joint ventures, or any other similar such relationships between the parties hereto other than that of landlord and **LESSEE**.

25. GENDER

25.1. Words of gender used in this Lease Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

26. CAPTIONS

26.1. The captions contained in this Lease Agreement are for convenience of reference only and in no way limit or enlarge the terms and conditions of this Lease Agreement.

27. ENTIRE AGREEMENT/AMENDMENT

- 27.1. This Lease Agreement, together with its attachments and the authorizing ordinance or ordinances, in writing, constitutes the entire agreement between the parties, any other written or parole agreement being expressly waived by **CITY** and **LESSEE**.
- 27.2. No amendment, modification or alteration of the terms of this Lease Agreement shall be binding unless the same is in writing, dated subsequent to the date of the ordinance approving this amendment and duly executed by the parties hereto.
- 27.3. It is understood that the Charter of the **CITY** requires that all contracts with the **CITY** be in writing and adopted by ordinance. All amendments also need approval evidenced by an ordinance.

28. AUTHORITY

28.1. The signer of this Lease Agreement for LESSEE hereby represents and warrants that he or she has full authority to execute this Lease Agreement on behalf of LESSEE.

CITY:

CITY OF SAN ANTONIO,
A Texas Municipal Corporation

LESSEE:

Chatham San Antonio Leaseco LLC,
A Delaware limited liability company

By: _____
Pat DiGiovanni, Deputy City Manager

Eric Kentz AF
Printed Name

[Signature]
Signature

ATTEST:

City Clerk

Vice President and Secretary
Title

APPROVED AS TO FORM:

City Attorney

50 Coconut Row, Ste 216
Address

Palm Beach, FL 33480
City, State, and Zip Code

(561) 227-1351
Area Code/Telephone Number

Exhibit A
Survey of Premises

Exhibit
A

