

**CITY OF BARSTOW
REIMBURSEMENT AGREEMENT**

THIS REIMBURSEMENT AGREEMENT ("Agreement") is entered into as of May 27th, 2021, by and between the City of Barstow, a California municipal corporation, (the "City") and Barstow Hospitality, LLC, a California Limited Liability Company (the "Hotel Operator"). City and Hotel Operator are sometimes individually referred to as "Party" and collectively as "Parties."

RECITALS

A. Hotel Operator controls certain real property (Assessor's Parcel Number: 0428-351-08) in the City, on which the Hotel Operator intends to operate an approximately 181 room hotel project ("Project"). The Hotel Operator anticipates that the Project, once available to be occupied, will generate transient occupancy taxes ("TOT") to the City during the Project's operation, in addition to increased real estate taxes and sales taxes generated by the anticipated increased visitation to the Project and the City.

B. To offset anticipated costs and expenses during the first years of operation of the Project, the City has agreed to provide an economic subsidy to Hotel Operator in the amount of \$2,400,000.00, paid in monthly increments as set forth herein over a five (5) year period, contingent on Hotel Operator operating a Nationally Recognized Franchise Hotel Brand and such other conditions as set forth herein.

C. The City has determined that this reimbursement agreement with the Hotel Operator, in accordance with the terms and conditions set forth herein and as contemplated by this Agreement, is of public benefit and contributes to the general welfare of its citizens based on the terms and conditions herein because the Project: (1) Will create both temporary and permanent operational jobs, (2) Increase capital investment, property values and overall tax revenues including real property and sales tax revenues, and (3) Serve as an economic catalyst to the City by expanding the lodging options and amenities which support tourism.

AGREEMENT

NOW, THEREFORE, based on the foregoing Recitals, which are a substantive part of this Agreement and incorporated herein by reference, the City and Hotel Operator agree as follows:

Section 1. Reimbursement Commitment & Term; Conditions on Payment.

A. In consideration for the Hotel Operator costs and expenses for operating the Project and the other conditions and covenants provided for herein, and only upon the satisfaction of the conditions in Section 2 of this Agreement (defined as the