



February 5, 2021

Bert Lumbreras  
City Manager, City of San Marcos  
630 E Hopkins

San Marcos, TX 78666

Re: Embassy Suites San Marcos Hotel Conference Center and Spa – San Marcos Conference Center Side Agreement

Dear Bert:

I hope this communication finds you well. As you are aware, 2020 was a devastating year for the hospitality industry due to the COVID-19 crisis. A mere year ago, no one could have conceived of the fact that by March of 2020 the tourism industry would have been in shambles. In February of 2020 Covid-19 struck, and the tourism industry went into a tailspin going from unprecedented highs to its greatest lows. From February 2020 until the end of the year and continuing today, every aspect of travel and tourism has suffered.

Atrium Hospitality has suffered significantly through 2020 and took extraordinary measures to weather the crisis, including: furloughed over 90% of our associates across our enterprise, all remaining salaried employees took salary cuts, benefits were suspended, some hotels were closed and all open hotels have had to severely limit operations, and all activities not essential to the survival of the business have been suspended.

The San Marcos Conference Center Side Agreement entered in June 2018, outlined certain improvements to the Conference Center to be completed no later than December 31, 2021. We note that we have completed the podium signage requirement and replaced carpet in the Conference Center in early 2020. We are asking to amend the Agreement to allow for a two-year extension to December 31, 2023 to complete the remaining improvement items.

In late 2020 Hilton Hotels launched their EventReady Hybrid Meeting Solutions. This directs event planners to Hilton's hybrid-ready hotels while also providing them with planning resources and customer offers. As part of the Hilton EventReady Hybrid Solutions, participating hotels will have access to comprehensive team member training resources. In order for the Embassy Suites



San Marcos Hotel Conference Center and Spa to be included in the EventReady Hybrid Meeting program a significant capital investment is required to increase the excess bandwidth at the hotel and conference center. We believe, based on current and future meeting trends due to COVID-19 concerns, this capital investment is timelier and allows for faster recovery compared to completion of the remaining items in the Agreement.

We are truly in unprecedented times and need to do all we can to survive the crises. And we believe it is in your interest to assist, for if we survive, we should be well positioned to resume our path of growth for the duration of our lease term. We have a significant investment in the Embassy Suites San Marcos Hotel Conference Center and Spa property, and we are committed to further investing in this asset to deliver a best in class value proposition and experience for our customers. We look forward to continuing our partnership with the City of San Marcos to achieve our common objectives and goals.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kyle Bowman".

Kyle Bowman  
Asset Management

**Enclosure:** San Marcos Conference Center Side Agreement

## SAN MARCOS CONFERENCE CENTER SIDE AGREEMENT

THIS SAN MARCOS CONFERENCE CENTER SIDE AGREEMENT (this “Agreement”) is entered into as of June 9, 2018, by and between the CITY OF SAN MARCOS, TEXAS, a Texas municipal corporation (the “City”) and JDHQ HOTELS LLC, a Delaware limited liability company (“JDHQ”, together with the City, each a “Party” and collectively, the “Parties”).

### RECITALS

A. Reference is made to that certain Conference Center Lease Agreement, dated as of September 10, 2007, by and between JQH - SAN MARCOS DEVELOPMENT, LLC, a Missouri limited liability company (“Assignor”) and the City (the “Lease”).

B. Assignor assigned all of its right title and interest to the Lease to JDHQ pursuant to that certain Assignment and Assumption of Conference Center Lease Agreement, entered into as of May 17, 2018, by and between Assignor and JDHQ.

C. JDHQ and the City desire to enter into this Agreement to set forth their understanding and agreement with respect to certain aspects of the Leased Premises. All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Lease.

NOW, THEREFORE, incorporating the foregoing recitals of fact, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and JDHQ agree as follows:

### AGREEMENT

1. City Use. The Parties hereby agree and acknowledge that the City shall have the right to use the large ballroom in the Conference Center a minimum of two (2) times per year and at least two (2) of the smaller meeting rooms in the Conference Center a minimum of twenty (20) times per year (the “City Use”), all at no charge, other than charges for room set up and any food and beverage service requested by the City which will be billed at the standard rates for same which are in effect at the time the service is provided. The scheduling of the large ballroom and Jr. Ballroom in the Conference Center for City Use shall be mutually agreed upon by JDHQ and the City within one hundred eight (180) days prior to the expiration of the previous Lease Year, unless another scheduling procedure should be agreed upon between the City and JDHQ, subject to the scheduled availability of such room (i.e. the City may not preempt the then scheduled use of such room by any other party). For the avoidance of doubt, the City Use shall be inclusive of, and not in addition to, any such use rights of the City set forth in the Lease.

2. Podium Signage: JDHQ shall modify the signage on the podium located in the Conference Center to identify the San Marcos Conference Center in a manner reasonably acceptable to the Parties.

3. Conference Center Property Improvement Plan. JDHQ shall, in addition to capital improvements to the hotel, make the improvements shown on Exhibit A, attached hereto and made a part hereof, to the Conference Center no later than December 31, 2021.

4. Miscellaneous.

(a) This Agreement (a) contains the entire and final agreement of the Parties to this Agreement with respect to the subject matter of this Agreement, and (b) supersedes all negotiations, stipulations, understandings, agreements, representations and warranties, if any, with respect to such subject matter, which precede or accompany the execution of this Agreement.

(b) This Agreement may be executed in counterparts, each of which is deemed an original and all of which together constitute one document. Facsimile or electronic copies of this Agreement shall be treated as originals and signatures on facsimile or electronic copies deemed to be original and binding.

(c) Any Party may (i) extend the time for the performance of any obligation or other act of any other Party or (ii) waive compliance with any agreement or condition contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the Party or Parties to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any Party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

(d) If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

(e) Following the date hereof, each of the Parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances, and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

(f) This Agreement is for the sole benefit of the Parties and their permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

(g) The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

*[Remainder of page intentionally blank; signatures on following page]*

IN WITNESS WHEREOF, the Parties have executed this Agreement under seal, as of the date first above written.

**CITY:**  
**THE CITY OF SAN MARCOS,**  
a Texas municipal corporation

By:  \_\_\_\_\_

Name: Bert Lumbrias

Title: City Manager

**JDHQ:**

**JDHQ HOTELS LLC**, a Delaware limited liability company

By: 

Name: **Daniel S. Abrams**

Title: **Executive Vice President**

EXHIBIT A

CONFERENCE CENTER PROPERTY IMPROVEMENT PLAN

<b>Work</b>	<b>Estimated Cost</b>
Replace ballroom carpet and pad	\$400,000 - \$500,000
Add a boardroom	\$150,000 - \$200,000
Add digital reader boards	\$100,000 - \$150,000
Replace stacked banquet chairs	\$200,000 - \$300,000
<b><u>TOTAL</u></b>	<b><u>\$850,000 - 1,150,000</u></b>