

PRE-COMMENCEMENT AGREEMENT

**ORIGINAL**

**THIS PRE-COMMENCEMENT AGREEMENT** (“Agreement”) is entered into as of the 21<sup>st</sup> day of September, 2004 (“Effective Date”), by and between Village of Schaumburg, a municipal corporation and home rule unit of local government organized and existing under the laws of the State of Illinois, located in Cook County, Illinois, having a mailing address at 101 Schaumburg Court, Schaumburg, Illinois 60193 (“Owner”) and Renaissance Hotel Management Company, LLC, a Delaware limited liability company, having a mailing address at 10400 Fernwood Road, Bethesda, Maryland 20817 (“Manager”).

RECITALS

WHEREAS, Owner and Manager, an affiliate of Marriott International, Inc., have entered into and executed that certain Qualified Management Agreement dated as of September 21, 2004 (the “Management Agreement”) whereby Owner has engaged Manager as the manager of an approximately five hundred (500) room Renaissance full-service hotel and approximately 148,000 square feet of meeting, convention and exhibition space to be constructed in the Village of Schaumburg, Illinois (the “Project”);

WHEREAS, Owner and Manager have entered into an executed that certain Technical Services Agreement dated as of September 21, 2004 (the “Technical Services Agreement”) whereby Owner has engaged Manager to provide certain services with respect to the design and construction of the Project; and

WHEREAS, Owner and Manager have agreed upon certain pre-commencement services to be provided by Manager and its Affiliates with regard to recruiting and training of the operating staff so that the Project, when open for business, shall in all respects meet the requirements and standards of a Renaissance hotel.

NOW, THEREFORE, Owner and Manager, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree to the following:

## ARTICLE 1

### DEFINITIONS AND GENERAL MATTERS

#### 1.1 Definitions.

“Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, the term “control” (including the terms “controlling,” “controlled by” and “under common control with”) of a Person means the possession, directly or indirectly, of the power: (i) to vote more than fifty percent (50%) of the voting stock of such Person; or (ii) to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting stock, by contract or otherwise.

“Approval” means the written approval of either Owner or Manager (as appropriate), which shall not be unreasonably withheld, delayed or conditioned unless specifically stated to the contrary herein. The word approval need not be capitalized.

“Booking Policy” shall mean the booking and pricing policy applicable to the Project, as set forth in Section 4.03 of the Management Agreement. The Booking Policy may be modified, amended or adjusted by Manager, with Owner’s approval, from time to time.

“Default” shall have the meaning ascribed to it in Section 6.1.

“Expert” shall mean an independent, nationally recognized firm or individual that (i) has at least ten (10) years recent professional experience in the field related to the subject matter in question, and (ii) has not been employed by either party hereunder, either directly or as a consultant, at any time during the one (1) year immediately preceding the date of appointment hereunder, in connection with any matter. Each Expert shall be appointed in each instance by agreement of the parties or, failing agreement, each party shall select one (1) such nationally recognized firm or individual and the two (2) respective firms and/or individuals so selected shall select another such nationally recognized firm or individual to be an Expert. If either party calls for an Expert determination pursuant to Section 11.18, the parties shall have ten (10) days from the date of such request to agree upon an Expert and, if they fail to agree, each party shall have an additional ten (10) days to make its respective selection of a firm or individual, and within ten (10) days of such respective selections, the two (2) respective firms and/or individuals so selected shall select a third such nationally recognized firm or individual to be an Expert. If either party fails to make its respective selection of a firm or individual within the ten (10) day period provided for above, then the other party’s selection shall be the Expert. Also, if the two (2) respective firms and/or individuals so selected shall fail to select a third nationally recognized firm or individual to be the Expert, then such Expert shall be appointed by the American Arbitration Association and shall meet the criteria set forth above.

“Extraordinary Event” shall mean any of the following events that materially adversely affect the ability of a party to perform: acts of nature (including hurricanes, typhoons, tornadoes, cyclones, other severe storms, winds, lightning, floods, earthquakes, volcanic eruptions, fires, explosions, disease, or epidemics); fires and explosions caused wholly or in part by human agency; acts of war or armed conflict; riots or other civil commotion; terrorism (including hijacking, sabotage, chemical or biological events, nuclear events, disease-related events, bombing, murder, assault and kidnapping), or the threat thereof; strikes or similar labor disturbances; embargoes or blockades; shortage of critical materials or supplies; action or inaction of governmental authorities which have an impact upon the Project (including restrictions on room rates or wages or other material aspects of operation; restrictions on financial, transportation or information distribution systems; or the revocation or refusal to grant licenses or permits, where such revocation or refusal is not due to the fault of the party whose performance is to be excused for reasons of the Extraordinary Event); and any other events beyond the reasonable control of Owner or Manager, excluding, however, general economic and/or market conditions not caused by any of the events described herein.

“FF&E” shall mean furniture, furnishings, fixtures, Soft Goods, Case Goods, signage, audio-visual equipment, kitchen appliances, vehicles, carpeting and equipment, including front desk and back-of-the-house computer equipment, but shall not include Fixed Asset Supplies or Software.

“Fixed Asset Supplies” shall mean items included within “Property and Equipment” under the Uniform System of Accounts which may be consumed in the operation of the Project or are not capitalized including, but not limited to, linen, china, glassware, tableware, uniforms, and similar items, whether used in connection with public space or guest rooms.

“Initial Business Plan” shall have the meaning ascribed to it in Section 2.6.

“Inventories” shall mean “Inventories” as defined in the Uniform System of Accounts, such as, but not limited to, provisions in storerooms, refrigerators, pantries and kitchens; beverages in wine cellars and bars; other merchandise intended for sale; fuel; mechanical supplies; stationery; and other expensed supplies and similar items.

“Manager” shall have the meaning ascribed to it in the Preamble hereto or shall mean any successor or assign, as applicable, pursuant to Section 10.01 of the Management Agreement.

“Marriott Companies” shall mean Manager, Marriott International, Inc. and any Affiliate of either of them.

“Opening Date” shall mean the date on which paying overnight guests are first admitted to the Project, which date shall be established and certified by Manager.

“Person” means an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a corporation, limited liability company, a

government or any department or agency thereof, a trustee, a trust and any unincorporated organization.

“Pre-Opening Account” shall mean a special account or accounts, bearing the name of the Project, established by Manager in a bank or trust company selected by Owner.

“Pre-Opening Budget” shall have the meaning ascribed to it in Section 2.3.

“Pre-Opening Expenses” shall mean those expenses incurred prior to and after the Opening Date that are necessary for the preparation of the Project for operation, including, but not limited to, salaries and wages, costs of interim office space, furniture, equipment and systems, professional fees, telephone expenses, staff hiring and training costs, travel and moving expenses, costs of entertainment, opening celebrations and functions (including food, beverage, labor and room accounts of invitees), the cost of heat, light, power and clean-up expenses not chargeable to the cost of acquiring or constructing the Project, advertising, public relations and promotion expenses, employee benefits and meals prior to opening, classified advertising, agency fees and recruitment costs, pro rata costs of Manager or its Affiliates in performing such services including personnel costs and expenses allocated in a reasonable manner, and other associated and miscellaneous expenses.

“Renaissance System” shall mean the chain of full-service hotels in the United States which are operated by Manager (or one of its Affiliates) under the “Renaissance” brand name.

“System Standards” shall mean any one or more (as the context requires) of the following three (3) categories of standards: (i) operational standards (for example, services offered to guests, quality of food and beverages, cleanliness, staffing and employee compensation and benefits, Chain Services, frequent traveler programs such as the Marriott Rewards program and other similar programs, etc.); (ii) physical standards (for example, quality of the Improvements, FF&E, and Fixed Asset Supplies, frequency of FF&E replacements, etc.); and (iii) technology standards (for example, those relating to software, hardware, telecommunications and systems security); each of such standards shall be the standard which is generally prevailing or in the process of being implemented at other comparable Renaissance hotels in the Renaissance System, including all services and facilities in connection therewith that are customary and usual at comparable Renaissance hotels in the Renaissance System and are of a quality consistent with the other Major Upscale Hotel Brands; provided, however, the exhibition space contained within the Project shall be operated and maintained in accordance with the standards of quality consistent with comparable high quality convention centers of similar size, function and vintage.

“Technical Services Agreement” shall mean that certain agreement between Owner and Manager dated as of September 21, 2004.

“Termination” shall mean the expiration or sooner cessation of this Agreement.

Any terms not otherwise defined herein shall have the meaning ascribed to such terms by the Management Agreement.

## ARTICLE 2

### PRE-OPENING ACTIVITIES

2.1 Projected Opening Date. Owner and Manager agree that the Opening Date is projected to occur on July 1, 2006. Owner and Manager each agree to direct their actions hereunder in a manner that is intended to achieve the Opening Date on such date. Owner acknowledges that based upon Owner's commitment to work toward such Opening Date, Manager shall begin booking reservations for the Project based upon such commitment; provided, however, it is understood that Manager shall begin its Pre-Opening Services upon execution of this Agreement and receipt of the initial Pre-Opening payment in accordance with Section 2.4.

2.2 Pre-Opening Activities. Owner and Manager recognize that Manager must undertake certain activities in advance of the Opening Date so that the Project can function in an appropriate and orderly manner on the Opening Date and during the first Fiscal Year. Accordingly, Manager shall:

- (a) recruit, train and employ the staff required for the Project;
- (b) negotiate concession contracts and other agreements for retail and lobby space within the Project;
- (c) undertake pre-opening promotion and advertising, including opening celebrations and related activities;
- (d) test and, if necessary, implement modifications of the Project operations;
- (e) for a period ending not later than sixty (60) days after the Opening Date, make provisions to provide a task force of personnel to supervise and assist the pre-opening and opening operations;
- (f) apply for the initial licenses and permits required for the operation of the Project as contemplated by the Management Agreement; and
- (g) in general, render such other miscellaneous services incidental to the preparation and organization of the Project's operations as may be reasonably required for the Project to be adequately staffed and capable of management on the Opening Date and during the first Fiscal Year, including development and implementation of marketing and sales programs, accounting and budgeting controls and similar operational items.

Within ninety (90) days after the Effective Date, Manager shall deliver to Owner a draft Sales and Marketing Plan, which shall incorporate and update the initial marketing plan previously provided to Owner, pursuant to which it will accomplish certain of the activities described in this Section 2.2 (the "Marketing Plan"). To the extent that Manager is providing a service as set forth in Section 2.2 that is not covered by the Marketing Plan, such service shall be provided in accordance with this Agreement. Owner shall have thirty (30) days after receipt of the Marketing Plan to review and approve it; provided, however, Owner shall not disapprove the Marketing Plan if it is consistent with the Pre-Opening Budget and the Booking Policy; provided, further that the Marketing Plan's consistency with the Pre-Opening Budget and the Booking Policy is an issue that may be submitted to the Expert for resolution. In the event that Owner has any questions or comments, Manager shall make itself reasonably available during such thirty (30) day period to discuss the Marketing Plan and to respond to Owner's reasonable questions. In the event that Owner does not approve the Marketing Plan within such thirty (30) day period, Manager and Owner shall attempt to resolve in good faith any objection by Owner during a further thirty (30) day period. In the event that the Owner or Manager are unable to agree on the Marketing Plan during such thirty (30) day period, the items in dispute will be submitted to the Expert for resolution. Pending resolution by the Expert, Manager will be entitled to implement those portions of the Marketing Plan that have been approved by the Owner.

2.3 Pre-Opening Services. Manager shall provide the Pre-Opening services set forth in Section 2.2 ("Pre-Opening Services") for Five Million Dollars (\$5,000,000) in accordance with the Renaissance Schaumburg Pre-Opening Budget dated November 11, 2003 ("Pre-Opening Budget"), which was previously provided to and approved by the Owner, and generally in accordance with the Proposed Schaumburg Pre-Opening Timeline ("Timeline") previously provided to Owner. In the event Owner requests additional services not contemplated by the Pre-Opening Budget or Timeline, such amount shall be increased as agreed to by the parties. In the event there is an increase in the Pre-Opening Expenses as a result of a delay in the completion of the Project from the date set forth in Section 2.1, or as a result of an Extraordinary Event, Owner shall be responsible for such increase. Manager shall notify Owner of any increases which would cause the Five Million Dollar (\$5,000,000) amount to be exceeded, which increase shall be subject to Owner's approval, such approval not to be unreasonably withheld, delayed or conditioned. Manager agrees to notify Owner as soon as possible after it has determined that such an increase is forecast and the reasons for such increase.

2.4 Funding of Pre-Opening Expenses. Pre-Opening Expenses incurred in accordance with this Agreement shall be borne solely by Owner. Owner shall furnish Manager with funds required by Manager for Pre-Opening Expenses in the amounts and on the dates set forth in the schedule attached hereto as Exhibit A. The initial payment shall be due and payable within ten (10) business days after the Effective Date. Such amounts shall be deposited in the Pre-Opening Account.

2.5 Use of Funds in Pre-Opening Account; Accounting. Manager shall use the funds in the Pre-Opening Account to pay subsequent Pre-Opening Expenses and to reimburse itself for previously incurred Pre-Opening Expenses. Within twenty (20) days after the end of every quarter in accordance with Marriott's accounting system ("Quarter") after the Effective Date, Manager shall deliver to Owner an accounting of the Pre-Opening Expenses that were incurred during the previous Quarter; provided, however, that commencing with the first Accounting Period that is within thirteen (13) Accounting Periods of the projected Opening Date, Manager shall deliver to Owner an accounting for the Pre-Opening Expenses within twenty (20) days after the end of each such Accounting Period for Pre-Opening Expenses incurred during such Accounting Period. Within one hundred twenty (120) days after the Opening Date, Manager shall deliver to Owner an itemized accounting of funds so expended along with payment to Owner of all remaining amounts in the Pre-Opening Account that have not been spent by Manager. If, following the Opening Date, Owner has failed to provide funds for Pre-Opening Expenses in accordance with Manager's estimates or actual expenditures, Manager shall have the option to deduct such amounts (plus interest from the date of expenditure until repayment to Manager at an annual rate equal to the Prime Rate plus three (3) percentage points, but not to exceed the maximum rate payable by law) from the Project's gross revenues, but such amounts shall not be treated as Operating Expenses (as such term is defined in the Management Agreement).

2.6 Reports. In addition to the accounting reports set forth in Section 2.5, Manager shall submit a Group Booking Pace Report in accordance with Marriott's standard reporting format, which will include a summary in bullet format of actions and issues with respect to the Pre-Opening Services and any services pursuant to the Sales and Marketing Plan. Each "bullet point" shall include a brief narrative description sufficient for the Owner to understand actions taken and the status of pending issues and proposed actions with respect to such issues, as appropriate. Additionally, each such report shall contain the list of groups that have contracted for the use of the Exhibit Space, together with the name, address and other contact information for the person who booked such groups. Until the beginning of the Accounting Period that is projected to be the thirteenth Accounting Period prior to the projected Opening Date, Manager shall submit such report to Owner each Quarter (the first such report to be submitted after the first full Quarter after the Effective Date). Commencing with the beginning of the Accounting Period that is projected to be the thirteenth Accounting Period prior to the projected Opening Date and until the Opening Date occurs, Manager shall submit such report for each Accounting Period. Each of such reports is to be delivered no later than twenty (20) days after the end of each Quarter or Accounting Period, as appropriate. In addition, upon reasonable notice and request by Owner, Manager agrees to make itself available to discuss any specific issues that Owner may have with respect to any such reports.

2.7 Initial Business Plan. At least ninety (90) days prior to the projected Opening Date, Manager shall prepare and submit to Owner for Owner's review and reasonable approval a Business Plan (as defined in Section 4.03 of the Management Agreement) for the first partial fiscal year of operation. Owner may not withhold its approval of such initial Business Plan based on its objection to: (1) Manager's reasonable projections of Gross Revenues or the

components thereof; (2) Project costs and expenses that are “system charges” (that is, costs and expenses which are generally uniform throughout the Renaissance System, such as the Chain Services Fee, Marriott Rewards Program, other chain-wide marketing programs, employee benefits and other compensation programs, including the Senior Executive Fee) provided that the requirements of Sections 1.03.U., 1.05 and 4.05 of the Management Agreement are satisfied; and (3) costs and expenses that are not within the control of Owner and/or Manager, such as the costs of utilities. In addition, Owner shall approve the costs and expenses contained in such initial Business Plan as long as they are consistent with those contained in Manager’s *pro forma* for the Project, with such adjustments as are necessary to account for variations in projected gross revenues from those originally contained in the *pro forma*.

### ARTICLE 3

[INTENTIONALLY DELETED.]

### ARTICLE 4

#### OPENING DATE

4.1 Opening Date. The actual Opening Date shall be in no event earlier than the date upon which (i) all elements of the Project have been completed in accordance with the System Standards and the Technical Services Agreement and in compliance with the provisions of Section 4.2 below, and are ready for their intended use and occupancy, and (ii) all licenses, permits and other approvals and instruments necessary for operation of the Project by Manager have been obtained. Any agreement by Manager to delay the Opening Date based on failure of the Project to satisfy the requirements set forth in the preceding sentence shall not prejudice Manager’s rights under this Agreement.

4.2 Conditions for Opening Project. Owner agrees that on the Opening Date there will be no ongoing construction on any portion of the Project that would materially adversely affect access to the Project or that would otherwise materially adversely limit, restrict, disturb or interfere with Manager’s management and operation of the Project in accordance with System Standards. If, as of the Opening Date, there remain to be completed minor unfinished “punch list” items or installation of incidental FF&E and Fixed Asset Supplies in the common areas, lobby, administrative offices or any guest rooms to be opened on the Opening Date, none of which preclude Manager from operating the Project in accordance with the standards of this Agreement, the Opening Date shall not be delayed for such reasons; however, Owner shall be obligated to promptly finish such items.

## ARTICLE 5

### INTERIM INSURANCE

5.1 Insurance Required. At all times during the construction, furnishing, equipping and pre-opening stages of the Project, Owner shall, at its expense, procure and maintain (or cause its general contractor to procure and maintain) insurance fully protecting Owner and the Manager Companies against all loss or damage arising out of or in connection with the construction, furnishing, equipping and pre-opening activities of the Project. Such insurance shall, at minimum include:

(a) Commercial general liability insurance with combined single limits for bodily injury or property damage in an amount not less than One Million Dollars (\$1,000,000) per each occurrence with a general aggregate limit of not less than Two Million Dollars (\$2,000,000) and such aggregate shall apply, in total, to the Project. Such insurance shall include, but is not limited to, the following coverages or endorsements:

- Independent Contractors Liability
- Products/Completed Operations Liability to be maintained for two (2) years after the Opening Date
- Explosion, Collapse and Underground Coverage
- Broad Form Property Damage Liability, including Completed Operations

(b) Business auto liability including owned, non-owned and hired vehicles, with combined single limits for bodily injury and property damage in an amount not less than One Million Dollars (\$1,000,000) per each occurrence.

(c) Umbrella excess liability, on a following form, in an amount not less than Twenty Five Million Dollars (\$25,000,000) in excess of the insurance required under Section 5.1(a) and Section 5.1(b) above. If such limit is not available at commercially reasonable terms and conditions, Owner shall notify Manager and the parties shall determine a mutually agreeable limit base on the location, the value of the construction, size of the Project and the number of stories of the Project.

(d) Builders all-risk insurance, on a completed value basis, covering the Project building, equipment, and furnishings.

(e) Business interruption insurance covering losses resulting from delays in the Project's opening caused by any occurrence covered by the insurance required in Section 5.1(d) above, in an amount not less than \$1 million (or such greater amount that may be procured by Owner or its contractor) to compensate Manager for such delay.

(f) Workers' compensation insurance covering all of Owner's, its contractors' and its consultants' employees, in statutory amounts.

5.2 General Provisions. All insurance policies required under Section 5.1 (except Section 5.1(f)) shall include the Marriott Companies, their employees and agents, as additional insureds. Owner shall deliver to Manager, upon execution of the Agreement, certificates of insurance with respect to all policies required pursuant to Section 5.1 and, in the case of insurance policies about to expire, shall deliver certificates with respect to renewals thereof. All such certificates of insurance shall state that the insurance shall not be canceled or materially reduced without at least thirty (30) days' prior written notice to the certificate holder. Owner shall waive its right of recovery, and shall cause its contractors to waive their rights of recovery, for all insurance policies required under Section 5.1, against the Marriott Companies, their employees and agents for any claims in, on or about the Project.

## ARTICLE 6

### DEFAULTS

6.1 Events of Default. Each of the following shall constitute a "Default" under this Agreement.

(a) The filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy law by either party, or the written admission by either party that it is unable to pay its debts as they become due. Upon the occurrence of any Default by either party (referred to as the "defaulting party") as described under this Section 6.1(a), said Default shall be deemed an "Event of Default" under this Agreement.

(b) The consent to an involuntary petition in bankruptcy or the failure to vacate, within ninety (90) days from the date of entry thereof, any order approving an involuntary petition by either party. Upon the occurrence of any Default by either party as described under this Section 6.1(b), said Default shall be deemed an "Event of Default" under this Agreement.

(c) The entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either party as bankrupt or insolvent or approving a petition seeking reorganization or appointing a receiver, trustee, or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree's continuing unstayed and in effect for an aggregate of sixty (60) days (whether or not consecutive). Upon the occurrence of any Default by either party as described under this Section 6.1(c), said Default shall be deemed an "Event of Default" under this Agreement.

(d) The failure of either party to make any payment required to be made in accordance with the terms of this Agreement, as of the due date as specified in this Agreement.

Upon the occurrence of any Default by either party as described under this Section 6.1(d), said Default shall be deemed an "Event of Default" under this Agreement if the defaulting party fails to cure such Default within ten (10) Business Days after receipt of written notice from the non-defaulting party demanding such cure.

(e) An uncured default under the Technical Services Agreement, which default shall be deemed an "Event of Default" under this Agreement upon expiration of any cure period for such default as provided for in the Technical Services Agreement.

(f) The failure of either party to perform, keep or fulfill any of the other covenants, undertakings, obligations or conditions set forth in this Agreement, and the continuance of such default for a period of thirty (30) days after the defaulting party's receipt of written notice from the non-defaulting party of said failure. Upon the occurrence of any Default by either party as described under this Section 6.1(e), said Default shall be deemed an "Event of Default" under this Agreement if the defaulting party fails to cure the Default within thirty (30) days after receipt of written notice from the non-defaulting party demanding such cure, or, if the Default is such that it cannot reasonably be cured within said thirty (30) day period of time, if the defaulting party fails to commence the cure of such Default within said thirty (30) day period of time or thereafter fails to diligently pursue such efforts to completion.

## 6.2 Remedies

Upon the occurrence of an Event of Default, the non-defaulting party shall have the right to pursue any one or more of the following courses of action: (1) if the Event of Default has a material adverse impact on the non-defaulting party, to terminate this Agreement by written notice to the defaulting party, which notice shall include a description of the material adverse impact, and which termination shall be effective as of the effective date which is set forth in said notice, provided that said effective date shall be at least thirty (30) days after the date of said notice and further provided that the foregoing period of thirty (30) days shall be extended to seventy-five (75) days (or such longer period of time as may be necessary under Legal Requirements pertaining to termination of employment), or (2) to institute forthwith any and all proceedings permitted by law or equity including, without limitation, actions for specific performance and/or damages; and/or (3) to avail itself of the remedies described in Section 6.3.

## 6.3 Additional Remedies

A. Upon the occurrence of a Default by either party under the provisions of Section 6.1(d), the amount owed to the non-defaulting party shall accrue interest, at an annual rate equal to the Prime Rate plus three (3) percentage points, from and after the date on which the Default occurred.

B. The remedies granted under Section 6.2 and Section 6.3 shall not be in substitution for, but shall be in addition, to, any and all rights and remedies available to the

non-defaulting party (including, without limitation, injunctive relief and damages) by reason of applicable provisions of law or equity and shall survive Termination.

## ARTICLE 7

### MISCELLANEOUS

7.1 Term. This Agreement shall commence upon the date set forth herein and, unless terminated on an earlier date as provided in this Agreement, shall expire upon the date the Project is completed in accordance with the Technical Services Agreement and following the Opening Date. This Agreement may be terminated by Manager upon ten (10) days' notice in the event that the Technical Services Agreement is terminated. The Termination shall not in any way relieve the Owner of its obligation to pay or reimburse Manager for all amounts owing or to be reimbursed to Manager on the terms hereof through the date of Termination, and all such amounts shall become immediately due and payable, and such liability shall continue until discharged, notwithstanding Termination.

7.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Owner and Manager and their respective heirs, legal representatives, successors and permitted assigns. Neither Owner nor Manager shall assign or transfer any rights hereunder or interest herein (including, without limitation, monies due or that may become due hereunder) without the written consent of the other except in connection with a permitted transfer under the Management Agreement. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility hereunder. Nothing contained in this Section 7.1 shall prevent Manager from employing such independent consultants, associates and subcontractors as Manager may deem appropriate to assist it in the performance of services hereunder.

7.3 Third-Party Rights. Nothing herein shall be construed to give any rights or benefits hereunder to any person or entity, other than Owner or Manager, and the rights of third-party beneficiaries are hereby expressly negated.

7.4 Headings. The headings of Sections herein are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope or content of this Agreement or any provision hereof.

7.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same instrument. Such executed counterparts may be delivered by facsimile which, upon transmission to the other party, shall have the same force and effect as delivery of the original signed counterpart. The submission of an unsigned copy of the Agreement or an electronic instrument with or without electronic signature to either party shall not constitute an offer or acceptance. This Agreement shall become effective and binding only upon execution and

delivery of the Agreement in non-electronic form by both parties in accordance with this Section 7.5.

7.6 Applicable Law. This Agreement shall be construed under and shall be governed by the laws of the State of Illinois.

7.7 Notices. Notices, statements and other communications to be given under the terms of the Agreement shall be in writing and delivered by hand against receipt or sent by certified or registered mail, postage prepaid, return receipt requested or by nationally utilized overnight delivery service, addressed to the parties as follows:

To Owner: Village of Schaumburg  
101 Schaumburg Court  
Schaumburg, IL 60193  
Attn: Village Manager  
Phone: (847) 923-4700  
Fax: (847) 923-4467

With a copy to: Perkins Coie LLC  
Santa Fe Building  
224 S. Michigan Avenue  
Suite 1300  
Chicago, IL 60604  
Attn: Bruce Bonjour, Esq.  
Phone: (312) 341-1688  
Fax: (312) 341-1689

And a copy to: Nixon Peabody LLP  
401 9<sup>th</sup> Street, N.W.  
Suite 900  
Washington, DC 20004  
Attn: Mary Jo Kelly, Esquire  
Phone: (202) 585-8000  
Fax: (202) 585-8080

To Renaissance: Renaissance Hotel Management Company, LLC  
c/o Marriott International, Inc.  
10400 Fernwood Road  
Bethesda, Maryland 20817  
Attn: Development Department 30/921.09  
Tim Marvin  
Phone: (301) 380-2283  
Fax: (301) 380-5471

With a copy to: Renaissance Hotel Management Company, LLC  
c/o Marriott International, Inc.  
10400 Fernwood Road  
Bethesda, Maryland 20817  
Attn: Law Department 52/923.28  
Thomas Vickery  
Phone: (301) 380-7476  
Fax: (301) 380-6727

or at such other address as is from time to time designated by the party receiving the notice. Any such notice that is mailed in accordance herewith shall be deemed received when delivery is received or refused, as the case may be. Additionally, notices may be given by telephone facsimile transmission, provided that an original copy of said transmission shall be delivered to the addressee by nationally utilized overnight delivery service by no later than the second business day following such transmission. Telephone facsimiles shall be deemed delivered on the date of such transmission.

7.8 Confidentiality.

Owner and Manager agree that the terms of this Agreement shall be kept strictly confidential in accordance with Section 11.29 of the Management Agreement as if such provision were reinstated herein in its entirety.

7.9 Limitation of Liability.

No officer, director, employee or agent of Owner or Manager or any of their respective heirs, administrators, executors, personal representatives, successors and assigns shall have any personal liability or other obligation for the payment of any amount under this Agreement or the breach of any duties, obligations, covenants, agreements, responsibilities or representations contained herein.

7.10 Waiver of Jury Trial and Consequential and Punitive Damages.

Owner and Manager each hereby absolutely, irrevocably and unconditionally waive trial by jury and the right to claim or receive consequential, incidental, special or punitive damages in any litigation, action, claim, suit or proceeding, at law or in equity, arising out of, pertaining to or in any way associated with the covenants, undertakings, agreements, representations or warranties set forth herein, the relationships of the parties hereto, whether as "Owner" or "Manager" or otherwise, this Agreement or any other agreement, instrument or document entered into in connection herewith, or any actions or omissions in connection with any of the foregoing.

7.11 Agreement Subject to Continued Existence of Management Agreement and Granting of Tax-Exempt Status for the Project.

Any other provision of this Agreement to the contrary notwithstanding, in the event the Management Agreement is terminated for any reason other than a default on the part of Owner or in the event the appropriate Illinois governing body denies Owner's request for tax exempt status for the Project, Owner shall have the right, upon not less than ten (10) days prior written notice to Manager, to terminate this Agreement effective as of the date specified in said notice, whereupon the parties will have no further obligations to each other arising hereunder, except that Manager shall thereupon be entitled to that portion of the Pre-Opening Expenses incurred by Manager pursuant to this Agreement. The provisions of this Section 7.11 shall survive Termination.

7.12 Expert Decisions

Where this Agreement calls for a matter to be referred to an Expert for determination, the following provisions shall apply to such Expert's determination:

A. Exclusive Remedy. The use of an Expert shall be the exclusive remedy of Manager and Owner and neither party shall attempt to adjudicate any dispute in any other forum. The decision of an Expert shall be final and binding on Manager and Owner and shall not be capable of challenge, whether by arbitration, in court or otherwise.

B. Information to Expert. Each party shall be entitled to make written submissions to an Expert, and if a party makes any submission it shall also provide a copy to the other party and the other party shall have the right to comment on such submission. Manager and Owner shall make available to an Expert all books and records relating to the issue in dispute and shall render to the Expert any assistance requested of Manager and Owner. The costs of the Expert and the proceedings shall be borne as directed by the Expert unless otherwise provided for herein. The Expert may direct that such costs be treated as Operating Expenses, or Owner Expenses, as appropriate.

C. Decision Standard. An Expert shall make its decision with respect to the matter referred for determination by applying the standards applicable to first-class properties similar to the Project in accordance with the System Standards (including compliance with the requirements of any quality assurance program) taking into account the Booking Policy and determining whether the matter at issue is necessary to satisfy such standards; and

D. Expert Obligations. The terms of engagement of an Expert shall include an obligation on the part of the Expert to:

1. notify Manager and Owner in writing of his decision within forty-five (45) days from the date on which the Expert has been selected (or such other period as Manager and Owner may agree or as set forth herein); and

2. establish a timetable for the making of submissions and replies.

7.13 Entire Agreement.

The Agreement, together with any other writings signed by the parties expressly stated to be supplemental hereto and together with any instruments to be executed and delivered pursuant to the Agreement, constitutes the entire agreement between the parties and supersedes all prior understandings and writings, and may be changed only by a written non-electronic instrument that has been duly executed by the non-electronic signature of an authorized representative of the parties hereto.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under seal as of the day and year first written above.

WITNESS/ATTEST:

OWNER:

VILLAGE OF SCHAUMBURG,  
a municipal corporation

By: *Renee M. Pomanski*  
Name: Renee M. Pomanski  
Title: Executive Secretary

By: *Ken Fritz*  
Ken Fritz  
Village Manager

MANAGER:

RENAISSANCE HOTEL MANAGEMENT  
COMPANY, LLC, a Delaware limited  
liability company

By: Renaissance Hotel Operating Company,  
its sole member

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Vice President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under seal as of the day and year first written above.

WITNESS/ATTEST:

OWNER:

VILLAGE OF SCHAUMBURG,  
a municipal corporation

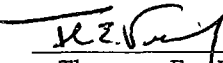
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Ken Fritz  
Village Manager

MANAGER:

RENAISSANCE HOTEL MANAGEMENT  
COMPANY, LLC, a Delaware limited  
liability company

By: Renaissance Hotel Operating Company,  
its sole member

By:   
Name: Thomas E. Vickery  
Title: Assistant Secretary

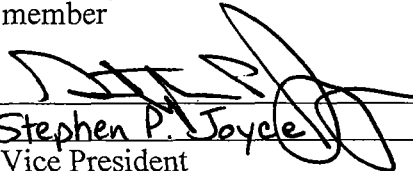
By:   
Name: Stephen P. Joyce  
Title: Vice President

EXHIBIT A

Schaumburg Pre-Opening Expenses Payment Schedule

The following amounts will be due as set forth below:

Initial Payment	\$182,441
7 Quarters out	\$262,180
6 Quarters out	\$288,276
5 Quarters out	\$324,063
4 Quarters out	\$477,490
3 Quarters out	\$567,460
2 Quarters out	\$705,997
1 Quarter out	\$2,192,093

The above amounts will be billed 30 days in advance of those dates (except that the initial payment is due ten (10) business days after the Effective Date as set forth in Section 2.4). Additionally, in the event of an increase in the Pre-Opening Budget amount as set forth in Section 2.3, such amounts shall be subject to increase.