

First Amendment to Pre-Development Agreement

This First Amendment (the "Amendment") to Pre-Development Agreement is entered into as of February 12, 2009 among the City of Dallas (the "City"), the Dallas Convention Center Hotel Development Corporation (the "LGC"), an entity created by the City of Dallas for financing and ownership of the Hotel, as defined below, and Matthews Holdings Southwest, Inc. ("MSW"), to amend the Pre-Development Agreement (the "PD Agreement") entered into as of September 10, 2008 among the City, the LGC and MSW.

Pursuant to the PD Agreement and a guaranteed delivery developer agreement and other agreements to be entered into, and subject to the terms and conditions contained therein, MSW will develop a convention center hotel (the "Hotel") adjacent to and within 1,000 feet of the Dallas Convention Center (the "DCC") on the site commonly known as the Chavez site (the "Site"). All capitalized terms that have not been defined in this Amendment shall have the definitions provided in the PD Agreement. The parties to the PD Agreement have agreed to amend the PD Agreement as follows:

1. Section 1.1(a) is amended to change the reference in the second sentence from "30 months" to "28 months".
2. In accordance with the provisions of Section 1.1(c), as of October 16, 2008, the City adjusted the Hotel Specifications in accordance with the attached **Exhibit A-1**, which exhibit is hereby substituted for Exhibit A-1 attached to the PD Agreement entered into as of September 10, 2008.
3. Section 1.2(c) is hereby amended by the deletion of that subsection and the substitution of the following subsection:

(c) The parties will use reasonable efforts to negotiate and prepare a substantially complete Developer Agreement and GMP Construction Contract, with the guaranteed maximum price including Developer Fee (as defined below) to be agreed to therein, but no greater than \$346,055,154, by February 13, 2009 in order for the LGC to proceed timely with the issuance of the Bonds. Further, the parties will finalize and execute the mutually agreed upon Developer Agreement with the GMP Construction Contract attached as an exhibit thereto, on the earlier of (i) either the day, or the day prior to the day, that is 10 business days before the day the City Council is scheduled to consider authorization for the LGC to issue the Bonds, or (ii) April 30, 2009 (the "Deadline"). Also, no later than the Deadline, if the Developer Agreement is executed, MSW will enter into a guaranteed maximum price construction contract with the general contractor within the Hotel Development Budget and meeting the Hotel Completion Deadline (the "GMP Construction Contract") and each of the other Definitive Agreements to which it is a party and that are necessary for the LGC to issue or cause to be issued the hotel revenue bonds anticipated to provide funds to finance the development and construction of the Hotel (the "Bonds").

4. Section 1.3(b) is hereby amended by the deletion of the first and second sentences in that subsection and the substitution of the following sentences in their stead (the remainder of that subsection remaining unamended):

MSW will perform the development services for a fee (the "Developer Fee") of 2.58% of the final Hotel Development Budget (less the amount of the Developer Fee itself), such fee to be capped at \$15 million, as set forth in the Developer Agreement. The Developer Fee is to be earned monthly as a percentage of the draw amount (prior to holdback) for each month of the Project beginning September 10, 2008, and in each month thereafter in which MSW incurs and expends eligible costs and expenses for the Hotel as agreed upon with the City as being part of the Hotel Development Budget more fully set forth in the Developer Agreement.

5. Section 1.3(c) is hereby deleted.
6. Section 1.4(a) is hereby amended by the deletion of the second sentence in that subsection and the substitution of the following sentence in its stead:

MSW received and forwarded to the City, LGC and proposed operator concept design documents for those purposes from its consultants, sufficient to permit MSW to enter into the Developer Agreement and the GMP Construction Contract by the Deadline.

7. Section 1.4(b)(ii) is hereby amended by deleting the reference to "December 17, 2008" therein and substituting in its stead "the Deadline".
8. Section 1.4(b) is hereby amended by addition of the following subsection:

(iii) Provided, however, following reasonable approval by the City and the LGC of the GMP Construction Contract, nothing in this PD Agreement shall obligate MSW to reimburse the LGC for any amounts in excess of the one half (1/2) of the total eligible pre-development costs that MSW is responsible for (if any) pursuant to Section 1.4.

9. Section 1.4 is hereby amended by the addition of the following subsection:

(d) The parties recognize that it is in the interest of the Hotel project schedule for design and other consultants' work to continue until the issuance and sale of the Bonds. Therefore, the LGC hereby authorizes MSW to proceed with Phase 2 design development and other consultants' work incurred since October 22, 2008, and the LGC, from funding appropriated by the City, will expend up to an additional \$4,000,000 (payable periodically as invoiced with appropriate backup and in form and detail meeting the City's standard payables policy) to cover the cost to MSW or the LGC of any fees for eligible pre-development costs incurred after execution of this PD Agreement and included in the Hotel Development Budget. Such funding by the LGC provided pursuant to this Section 1.4(d) is not reimbursable by MSW and shall not be included in amounts that must be reimbursed by MSW pursuant to Section 1.4(b) if that subsection is applicable. The LGC agrees to reimburse the City for its economic development grant either from such funds or if and when the Bonds financing the Hotel are issued.

10. Attached hereto as **Exhibit A to First Amendment** is a list and brief summary of the actions to be taken in furtherance of and pursuant to the terms of the PD Agreement.
11. Attached hereto as **Exhibit B to First Amendment** is a completed Hotel Development Budget based upon the Hotel Specifications as amended hereby, substantially in the form of **Exhibit D-1** attached to the PD Agreement entered into as of September 10, 2008.
12. Attached hereto as **Exhibit C to First Amendment** is an updated **EXHIBIT D-3** Hotel Development Budget Expected Drawdown Schedule.
13. Attached hereto as **Exhibit D to First Amendment** is an updated **EXHIBIT D-5** Budgeted Eligible Pre-Development Costs, including a budget reflecting expected eligible pre-development costs expected to be incurred following the LGC giving authorization to proceed pursuant to Section 1.4(d).
14. Except as specifically amended herein, all other terms, provisions, conditions, and obligations of the PD Agreement shall remain in full force and effect, and the PD Agreement and this First Amendment to PD Agreement shall be construed together as a single instrument. In the event of any inconsistency between the terms and provisions of the PD Agreement and this Amendment, the terms and provisions of this Amendment, including all such schedules and/or exhibits as may be attached hereto, shall control.

IN WITNESS WHEREOF, this Amendment is executed to be effective on the date first written above, by the City acting through its City Manager, duly authorized by City Council Resolution No. 08-2907, passed on October 22, 2008, and by City Council Resolution No. 08-3416, passed on December 10, 2008, by the LGC acting through its duly authorized officer by resolution of its Board of Directors, and by MSW, acting through its duly authorized officials.

CITY OF DALLAS
 Mary K. Suhm
 City Manager

By: 
 Assistant City Manager

APPROVED AS TO FORM:
 Thomas P. Perkins, Jr.
 City Attorney

By: 
 Assistant City Attorney

MATTHEWS HOLDINGS SOUTHWEST, INC.

By: 
 John H. Matthews, President

DALLAS CONVENTION CENTER HOTEL DEVELOPMENT CORPORATION

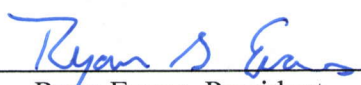
By: 
 Ryan Evans, President

EXHIBIT A-1

HOTEL SPECIFICATIONS

1. Greater than 1,000 rooms
2. Greater than 80,000 square feet of ballrooms (approximately 33,500 square foot senior ballroom and 16,500 junior ballroom) and meeting space
3. 720 structured parking spaces
4. 4-star quality as a minimum
5. Meets Omni Hotel brand standards to Omni's satisfaction
6. Restaurants to include a 3-meal restaurant, a coffee bar/deli, and a lobby bar. Additionally, unfinished space will be provided for a specialty restaurant and a sports bar
7. All-weather connection to the DCC
8. Engineered to result in structural elements having a useful life of at least 60 years
9. Hotel Development Budget total cost no greater than \$346,055,154, including Developer Fee
10. Hotel Completion Deadline of 28 months of receipt by the LGC of the proceeds of the Bonds

EXHIBIT A TO FIRST AMENDMENT

ACTIONS TO BE TAKEN

	<u>Action</u>	<u>Target Date</u>
1.	Delivery by MSW of revised GMP and GMP drawings (up to and including Addendum 8)	January 28, 2009 (completed, as updated February 3, 2009)
2.	Written approval by City and LGC of #1	February 13, 2009
3.	Written approval by Omni of #1	February 13, 2009
4.	Developer Agreement (mutually agreed to by City, LGC, and MSW), with exhibits including design/build contract and exhibits	February 13, 2009

EXHIBIT B TO FIRST AMENDMENT HOTEL DEVELOPMENT BUDGET

Dallas Convention Center Hotel Construction Cost Projections

Pre-Construction

1	Design Fees, including reimbursables	\$25,832,773
2	Permits/Fees	\$484,731
3	PreConstruction Services	\$1,003,083
Sub-Total		\$27,320,587

Construction

4	Demolition	\$719,270
5	Soil Abatement	\$1,000,965
6	Oncor Duct Bank Relocation	\$1,800,000
7	Site Development	\$5,955,989
8	Substructure	\$581,744
9	Structure	\$36,480,698
10	Exterior Envelope	\$25,845,875
11	Interiors Partitions and Doors	\$13,544,175
12	Vertical Movement	\$9,801,562
13	Interiors	\$20,827,542
14	Mechanical	\$46,185,566
15	Electrical	\$34,187,379
16	Equipment	\$6,475,551
17	Project Support Costs	\$6,992,054
18	FF & E	\$27,277,417
19	OS&E	\$8,437,526
Sub-Total		\$246,113,313

20	General Conditions/Design Builder Fees	\$30,602,959
21	CCIP	\$8,753,000
22	Builders Risk Insurance	\$754,569
23	Subguard	\$3,076,416
24	Performance Bond	\$5,030,460
25	Contingency	\$13,712,682
Sub-Total		\$61,930,086
Total Estimated Design Build Costs		\$335,363,986

Development

26	Legal and Accounting	\$1,987,500
27	Developer's Fee	\$8,703,668
Sub-Total		\$10,691,168
Total Estimated Development Costs		\$346,055,154

**EXHIBIT C TO FIRST AMENDMENT
 UPDATED EXHIBIT D-3
 HOTEL DEVELOPMENT BUDGET EXPECTED DRAWDOWN SCHEDULE**

0	\$	12,966,993.00
1	\$	7,127,926.00
2	\$	7,232,595.00
3	\$	4,172,601.00
4	\$	5,416,327.00
5	\$	4,970,651.00
6	\$	5,596,641.00
7	\$	8,278,916.00
8	\$	9,544,300.00
9	\$	8,854,040.00
10	\$	11,694,178.00
11	\$	12,958,743.00
12	\$	11,837,328.00
13	\$	14,752,881.00
14	\$	19,642,660.00
15	\$	18,670,805.00
16	\$	15,023,192.00
17	\$	20,060,524.00
18	\$	19,633,120.00
19	\$	25,581,548.00
20	\$	15,730,448.00
21	\$	17,485,998.00
22	\$	19,577,260.00
23	\$	12,331,620.00
24	\$	12,596,219.00
25	\$	9,812,954.00
26	\$	6,190,134.00
27	\$	4,363,471.00
28	\$	3,951,081.00

**Financial Close - Pre-
 Dev. Catch-up**

\$ 346,055,154.00

EXHIBIT D TO FIRST AMENDMENT

UPDATED EXHIBIT D-5

**Exhibit D to First Amendment
Updated Exhibit D-5**

	General Contractor	Architects	Consultants:			Legal & Accounting	Total (All but Dev Fee)	Developer Fee Earned and Deferred Until Bond Issue	Total
			Structural, MEP, Civil, Elevators	Other Consultants					
Phase 1 Aerial Eligible									
Pre-Development Costs									
Month 1	125,385	1,259,545	0	0	6,614	1,391,544	37,106	1,428,650	
Month 2	125,385	1,872,198	125,875	25,793	17,238	2,166,490	57,301	2,223,791	
Sub-total	250,771	3,131,743	125,875	25,793	23,852	3,558,034	94,407	3,652,441	
Ph1 Deferred Fees	250,771	1,872,830	62,938	10,014	0	2,196,552	94,407	2,290,959	
PHASE 1 Sub-Total less def	0	1,258,913	62,938	15,779	23,852	1,361,482	0	1,361,482	
Phase 1 Projected Eligible									
Pre-Development Costs									
Month 3	125,385	1,155,943	36,126	68,918	19,265	1,405,636	36,051	1,441,687	
Month 4	125,385	1,158,165	0	10,749	19,508	1,313,807	34,562	1,348,369	
Sub-total	250,771	2,314,108	36,126	79,666	38,773	2,719,444	70,613	2,790,056	
PHASE 1 TOTAL	501,542	5,445,851	162,001	105,460	62,625	6,277,478	165,020	6,442,497	
Ph1 Deferred Fees	501,542	3,177,315	80,701	49,848	3,809,405	3,809,405	165,020	3,974,425	
PHASE 1 TOTAL less def	0	2,268,536	81,300	55,612	62,625	2,468,073	0	2,468,073	
Phase 2 Budgeted Eligible									
Pre-Development Costs									
Month 5	125,385	1,199,497	50,000	16,264	74,974	1,466,120	37,061	1,503,181	
Month 6	125,385	918,052	202,772	140,343	74,974	1,461,526	36,942	1,498,468	
Month 7	125,385	979,190	359,352	218,990	74,974	1,757,890	44,588	1,802,479	
Month 8	125,385	974,069	323,825	179,592	74,974	1,677,845	42,523	1,720,368	
PHASE 2 TOTAL	501,542	4,070,807	935,949	555,189	299,895	6,363,381	161,114	6,524,496	
Ph 2 Deferred Fees	0	2,054,472	467,974	111,500	2,633,946	2,633,946	161,114	2,795,061	
PHASE 2 TOTAL less def	501,542	2,016,335	467,974	443,689	299,895	3,729,435	0	3,729,435	
PHASE 1 TOTAL less def									
Ph1 Deferred Fees	501,542	3,177,315	80,701	49,848	62,625	3,809,405	165,020	3,974,425	
PHASE 2 TOTAL less def	501,542	2,016,335	467,974	443,689	299,895	3,729,435	-	3,729,435	
Ph 2 Deferred Fees	-	2,054,472	467,974	111,500	-	2,633,946	161,114	2,795,061	
Pre-Development Total	1,003,083	9,516,658	1,097,949	660,649	362,520	12,640,859	326,134	12,966,993	