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10700 Richmond Ave, Suite 321, Houston, Texas 77042    713-900-2109    [www.SunwayHotel.com](http://www.SunwayHotel.com)

July 20, 2022

Ms. Rebecca Gleason – Assistant City Manger  
Mr. Trey Job – Assistant City Manger  
City of Bastrop  
1311 Chestnut Street  
Bastrop, Texas 78602

### **Letter of Intent**

Rebecca and Trey,

This Letter of Intent sets forth the terms and conditions of a long-term ground lease between Developer and City for the construction of a nationally branded hotel connected to the Bastrop Convention & Exhibit Center.

#### **A. Proposed Project:**

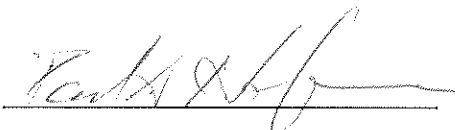
1. Premises, as shown in current survey (Exhibit A), shall include +/- 9.1 acres of land containing the 26,000-square foot Bastrop Convention & Exhibit Center (BCEC) and +/- 300 parking spaces.
2. Added facilities shall include a Hilton Tapestry Hotel (or similar brand) having between 130 and 150 guestrooms with an associated commercial kitchen as well as brand standard amenities to include:
  - 2a. A restaurant and bar, possible coffee shop, and possible temporary or permanent retail space with connection to the public realm.
  - 2b. Event Lawn suitable for community gatherings and group events.
  - 2c. Hotel tower will connect to the BCEC. The commercial kitchen shall be sized to accommodate professional catering services for the BCEC.
3. The project is anticipated to be developed consistent with the budget included in the developer's attached proposal.

1. A rebate of the City's portion of the Hotel Occupancy Taxes (HOT) generated by the Hotel, presently set at 7% of Rooms Revenue.
  - 1a. **Term:** 20 Years
  - 1b. **Maximum Amount:** Not to exceed the total cost of the hard construction costs of constructing the hotel tower, the renovations to the BCEC, and any other site improvements deemed necessary to accommodate the project.
  - 1c. **Periodic Reporting:** Developer will be responsible for all periodic reporting to the City and DMO regarding marketing goals.
2. City to pursue the creation of a "Quiet Zone" from the Union Pacific Railroad line for those intersections impacting the hotel.
3. **Joint Funding:** The estimated cost to get to a binding agreement to proceed with the project is approximately \$400,000 which is 2/3rds of the \$600,000 soft costs in the development budget. Of that \$400,000 the costs will be incurred equally by both parties for preliminary design and documentation necessary to reasonably establish the scope of construction cost. Both Parties will have input on the design process. The maximum amount of shared funding will be determined prior to Lease execution.

- D. For a period of 90 days, the Parties agree to work exclusively with each other on definitive documents that establish the agreements necessary for the transaction.

This Term Sheet is non-binding on the parties and is neither a commitment nor an offer to commit to any transaction. Any commitment by the parties listed herein is subject to the negotiation and preparation of a final, definitive Lease Agreement.

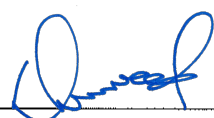
City of Bastrop

By: 

Name: Paul A. Hofmann

Title: City Manager

Sunway Hospitality, Inc.

By: 

Name: David S. Parker

Title: CEO