TERM SHEET
BETWEEN
CITY OF SEGUIN
AND
GFNT, LLC
"THE NOLTE PROJECT"

This Term Sheet (the "Term Sheet") is between City of Seguin ("COS"), a Texas municipality, and GFNT, LLC ("Developer"), a Texas limited liability company, each hereinafter referred to as a "Party" and collectively as the "Parties", and is dated effective as of [_____].

Developer and COS hereby agree to work cooperatively to develop a mixed-use building comprised of hotel, meeting, retail, and a parking structure (the "Project") at 101 East Nolte Street, Seguin, Texas 78155 (the "Property"), in accordance with the terms of this Term Sheet.

COS shall convey the Property to Developer subject to the terms of this Term Sheet and subject to the definitive Property Conveyance and Development Agreement (the "PCDA") which may be entered into by the Parties.

In order to accomplish this purpose, the Parties agree as follows:

AGREEMENTS:

1.   Property:

101 East Nolte Street, Seguin, Texas 78155, as described in Exhibit "A".

2.   Project:

A mixed-use, downtown redevelopment featuring an approximately 100 room hotel, common areas, meeting space(s), retail space(s), and structured parking as described in Exhibit "B".

3.   Property Conveyance and Development Agreement (PCDA):

The potential contractual agreement by and between Developer and COS to convey the Property and develop the Project.

4.   Feasibility Period:

Upon execution of this Term Sheet, the Parties shall enter a period of initial feasibility for the Project (the "Feasibility Period"). The Feasibility Period shall terminate upon the

earlier occurrence of (a.) the execution of the PCDA, or (b.) February 13, 2026, unless extended by written agreement between the Parties.

In general, the Parties, with consultation through the City of Seguin's prime engagement with TBA Douglas, shall work collaboratively through an underwriting process in the following areas:

- Draft PCDA
- Schematic Design with limited Civil, MEP, and Structural input
- Update Hotel Market Study by CSL.
- Hotel flag comparison memo from Avion Hospitality (evaluating three options with pros/cons)
- Geotechnical Reports, or other relevant analysis
- Preliminary Construction Budgets by Cadence McShane
- Parking design and pricing alternatives
- Updated financial models for each hotel flag scenario
- IRR gap analysis across options
- Rendered images of key concepts for City Council review
- Formal presentation of findings by the development team to Council in executive session, with approval by City Council of one of the presented options before finalizing the PCDA

5. **Property Conveyance:**

The conveyance of the Property to the Developer, subject to the requirements and conditions of the PCDA.

6. **Financial Model:**

The real estate development financial model, which details the financial forecast and budget for the Project as described in Exhibit "C". COS and Developer acknowledge that the Financial Model is subject to change and that Developer shall be responsible for maintaining and updating the Financial Model, which shall be subject to review and approval by COS.

7. **Underwriting Threshold:**

The yield or internal rate of return (irr) metrics required to capitalize the Project.

8. **Due Diligence:**

COS requires Developer to provide all due diligence information on the Project and its proposed financing and operations.

9. **Capitalization:**

Developer shall define and finalize the complete capitalization of the Project, including final money amounts for all sources of funds.

10. **Design and Construction:**

Developer shall be responsible for obtaining the services of design professionals for the design of the site plan and design of the Project.

Developer shall be responsible for obtaining all governmental approvals and permits needed in order to construct and operate the Project.

Developer shall be required to comply with the General Land Use Plan (GLUP), as adopted by COS.

The Project shall be constructed so as to comply with ADA and Section 504 requirements, as applicable under federal and state law.

The Project shall be constructed so as to comply with the Texas Antiquities Code and the Texas Administrative Code, Title 13, Part 2, with respect to the 8,000 SF historic Nolte Building.

11. **Milestones:**

Upon the execution of the PCDA:

A. Within **12** months:

Developer shall deliver permitted set of "for construction" plans including architectural, structural, MEP, civil, landscape and ADA compliance;

B. Within **15** months:

Developer shall deliver a guaranteed maximum price contract (the "GMP") for the construction of the Project;

Developer shall deliver final terms for the Capitalization of the Project including all sources of funding;

C. Upon completion of A. and B. above, COS shall deliver finalized agreements for a suite of incentives, which may include property conveyance, property tax abatement, economic development grants, infrastructure grants, etc;

D. Within **18** Months:

> COS shall convey the Property to Developer simultaneously with the closing of construction financing (the "Closing") for the Project.

12. **Interim Costs:**

COS shall bear costs for maintaining the Property through Closing. COS shall bear the cost of updating the Hotel Market Study by CSL. Developer shall bear costs for the design and completion of all milestones through Closing.

13. **Outside Time Limit:**

If construction has not commenced within **24** months from the execution of the PCDA, then the Property shall revert back to COS, and COS shall retain all rights to control the Project.

14. **Miscellaneous:**

This Term Sheet reflects the entire understanding between the Parties and may only be amended by COS or Developer in writing, signed by both Parties. **This Term Sheet shall be non-binding and subject to the negotiation of the definitive PCDA and any other documents outlined herein.**

Each Party hereto is prohibited from assigning any of its interests, benefits or responsibilities hereunder to any third party, without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed.

This Term Sheet may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement.

THIS TERM SHEET SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS, EXCLUSIVE OF CONFLICT OF LAWS PRINCIPLES.

In case any one or more of the provisions contained in this Term Sheet for any reason are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision hereof, and this Term Sheet will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

The Parties hereto submit exclusively to the jurisdiction of the state and federal courts of Guadalupe County, Texas, and venue for any cause of action arising hereunder shall lie exclusively in the state and federal courts of Guadalupe County, Texas.

The subject headings contained in this Term Sheet are for reference purposes only and do not affect in any way the meaning or interpretation hereof.

This Term Sheet shall continue until terminated upon the occurrence of one of the following conditions:

     A. COS and Developer sign a mutual consent to terminate this Agreement;

     B. The transactions contemplated hereby are not closed within 6 months of the date of this Term Sheet;

     C. COS City Council and/or Developer's governing body does not approve the Project and any documents therefore;

     D. Either Party breaches its obligations under this Term Sheet, the non-breaching Party provides the breaching Party notice of such fact and a 15-day opportunity to cure, and the breaching Party fails to do so; or

     E. Either Party files for bankruptcy protection, makes an assignment for the benefit of creditors, has a receiver appointed as to its assets or generally becomes insolvent.

Upon termination of this Agreement for any other reason, neither Party shall have any ongoing obligation to the other with respect to this Term Sheet for the Project.

In addition, the provisions of this Term Sheet with respect to the Project, other than those provisions which expressly survive the termination thereof, will be terminated and suspended when the Parties or their affiliates, as applicable, enter into definitive agreements, including the PCDA, with respect to the conveyance of the Property and the development, construction, financing, and operation of the Project as contemplated herein.

If this Term Sheet is terminated for any reason, COS shall retain all rights to control the Project. The provisions of this paragraph shall survive termination of this Term Sheet; provided, however, once a binding PCDA is executed, that agreement will govern the relationship between the Parties.

EXECUTED to be effective as of the date shown.

CITY OF SEGUIN

By: _____
Name: _____
Title: _____

GFNT, LLC

By: _____
Name: _____
Title: _____

EXHIBIT "A"
PROPERTY DESCRIPTION

EXHIBIT "B"
PROJECT DESCRIPTION

EXHIBIT "C"
FINANCIAL MODEL