

July 1, 2014

Pere Marquette Hotel, LLC
Pere Marquette TIF, Inc.
Pere Marquette Courtyard, LLC
Pere Marquette Garage MT, LLC
Pere Marquette Garage, LLC
c/o EM Properties, Ltd.
450 N. Main Street
East Peoria, IL 61611
Attention: Gary E. Matthews

City of Peoria, Illinois
419 Fulton Street
Peoria, IL 61602
Attention: City Manager

**Re: Side Letter Amendment to Loan Documents – Pere Marriott Hotel /
Courtyard Marriott Hotel, Peoria, IL (the “Project”)**

Reference is made to that certain Subordinated Promissory Note dated as of April 12, 2012 (the “Note”) from (i) Pere Marquette Hotel, LLC, (ii) Pere Marquette TIF, Inc., (iii) Pere Marquette Courtyard, LLC, (iv) Pere Marquette Garage MT, LLC and (v) Pere Marquette Garage, LLC (collectively, “Borrower”), to the City of Peoria, Illinois (“Lender”), evidencing a loan from Lender to Borrower in the amount of Seven Million Dollars (\$7,000,000) (the “Loan”) in connection with the rehabilitation and construction of the Project. Borrower’s obligations with respect to the Loan have been guaranteed by Gary E. Matthews (“Guarantor”) pursuant to a Guaranty dated April 12, 2012 (the “Guaranty”). The Note, the Guaranty and all other documents evidencing or securing the Loan are hereinafter referred to as the “Loan Documents”. Capitalized terms used but not otherwise defined in this side letter (hereinafter, this “Amendment”) shall have the meanings ascribed to such terms in the Loan Documents.

The Borrower together with Pere Marquette Historic, LLC are referred to herein, collectively, as the “Redeveloper Entities” and, individually, as a “Redeveloper Entity”.

Background

In connection with the Project, certain of the Redeveloper Entities have entered into (a) the Management Agreement (Pere) with Marriott Hotel Services, Inc., a Delaware corporation (“Pere Manager”), concerning the operation and management of the Pere Marriott Hotel and (b) the Management Agreement (Courtyard) with Courtyard Management Corporation, a Delaware corporation (“Courtyard Manager”), concerning

the operation and management of the Courtyard Marriott Hotel (together with all other hotel management agreements concerning the operation and management of the Project, the “Existing Hotel Management Agreements”).

The Redeveloper Entities have requested, and Lender has agreed, to the replacement of Pere Manager and Courtyard Manager with First Hospitality Group, Inc., an Illinois corporation (“New Manager”), and the continuation of the operation of the Project under the Marriott brands, pursuant to: (i) that certain Hotel Management Agreement dated as of June 15, 2014, by and between Pere Marquette Historic, LLC, an Illinois limited liability company (“Master Lessee”) and New Manager regarding the Pere Marriott Hotel; (ii) that certain Hotel Management Agreement dated as of June 15, 2014, by and between Pere Marquette Courtyard, LLC, an Illinois limited liability company, and New Manager regarding the Courtyard Marriott Hotel; (iii) that certain Relicensing Franchise Agreement dated as of July 18, 2014, by and between Marriott International, Inc., a Delaware corporation (“Marriott”), and Master Lessee regarding the Pere Marriott Hotel; (iv) that certain Relicensing Franchise Agreement dated as of July 10, 2014, by and between Marriott and Pere Marquette Courtyard, LLC regarding the Courtyard Marriott Hotel; and (v) those certain terminations of management agreement, owner agreements and any other agreements related to the foregoing (collectively, the “New Hotel Management Agreements”).

In conjunction with the execution of the New Hotel Management Agreements, (i) Marriott will deliver to Lender certain Comfort Letters with respect to the Loan and Lender’s rights thereby (the “Marriott Comfort Letter”), and (ii) Lender, New Manager and certain of the Borrowers will execute those certain Subordination, Non-Disturbance and Attornment Agreements regarding the Pere Marriott Hotel and Courtyard Marriott Hotel, respectively (the “New SNDAs”).

Agreement

Borrower, Guarantor and Lender have executed this Amendment in order to evidence their agreement to the following, effective as of the date hereof:

1. Pursuant to Section 7(a) of the Assignments of Management Agreement, other Project Documents and Development Rights dated April 12, 2012 with respect to the Project (the “Assignments”) which secure the Loan, Lender consents to the termination of the Existing Hotel Management Agreements and certain of the Redeveloper Entities’ entry into the New Hotel Management Agreements.

2. Manager, as defined in the Loan Documents, shall hereafter mean New Manager (and any successor or additional managers or operators of the Project pursuant to a subsequent hotel management agreement approved by the City in writing).

3. SNDAs as defined in the Loan Documents shall hereafter include the New SNDAs.

4. Borrower acknowledges and agrees that the New Hotel Management Agreements shall be included as "Project Documents" assigned pursuant to the Assignments.

5. Until the Loan is repaid in full, unless Lender shall otherwise consent in writing, Borrower shall:

(a) cause New Manager and/or the Redeveloper Entities to deliver monthly reports regarding the operation of the Project (including with respect to both Hotels and the Parking Garage) to Borrower and the City;

(b) deliver to the City, within 30 days after the close of each fiscal month of the Redeveloper Entities, the consolidated balance sheet and related consolidated statements of income and cash flow of the Redeveloper Entities as of the end of and for such fiscal month and the then elapsed portion of such fiscal year, prepared by the Redeveloper Entities, all certified by Gary E. Matthews and the chief financial officer of the Redeveloper Entities as presenting fairly in all material respects the financial condition and results of operations of the Redeveloper Entities and its affiliated entities on a consolidated basis, subject to normal year-end audit adjustments (none of which shall be material) and the absence of footnotes;

(c) deliver to the City, within 30 days after the end of each fiscal month of the Redeveloper Entities, a compliance certificate, certified by Gary E. Matthews and Monte Brannan stating that Paragraph 6 in this Amendment below has been complied with; and

(d) notify the City immediately, in writing, of the occurrence of any default under any loan or other agreement entered into by any of the Redeveloper Entities with respect to the Project that constitutes a default under the Loan Documents.

6. (a) As long as the Loan is outstanding, Borrower shall not, without the prior written consent of Lender: (i) declare or pay any dividend or distribution on or in respect of any equity interest in Borrower other than to Pere Marquette Historic, LLC, (ii) purchase, redeem, acquire or retire any equity interest in Borrower, or (iii) make any payment of any management fees, developer fees and/or similar fees directly or indirectly to Gary Matthews, Monte Brannan and/or any holder of equity interests in Borrower.

(b) Notwithstanding any limitation in Paragraph 6(a) to the contrary, Borrower may, without the prior written consent of Lender: (i) make payments to the general contractor for the Project which are due and payable with respect to construction of the Project; and (ii) make any payment or prepayment of any debt subordinated in right of payment to the Loan provided (A) there is no default by Borrower under the Loan Documents, and (B) such payments are permitted under the Redevelopment Agreement

and the Subordination and Intercreditor Agreement.

7. This Amendment constitutes an amendment only of the Loan Documents and does not constitute a novation of any Loan Documents or any of the indebtedness of Borrower or Guarantor to Lender. The Borrower and Guarantor expressly reaffirm their obligations and all of their promises under the Loan Documents and any other agreements existing between the Borrower and Lender on the date hereof.

8. Lender hereby acknowledges that the information to be provided by Borrower in Paragraph 5 of this Amendment (the "Financial Reports") constitutes trade secrets, commercial or financial information that is proprietary, privileged and/or confidential within the meaning of 5 ILCS 140/7(g) and that public disclosure of the Financial Reports would cause competitive harm to Borrower. To the extent permitted by law, Lender shall keep the Financial Reports and any and all information or data furnished by Borrower confidential and privileged in accordance with that certain Confidentiality Agreement dated April 12, 2012 by and among Borrower, Guarantor and Lender.

9. (a) In consideration of the agreements of Lender contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Redeveloper Entities and Guarantor, on behalf of themselves and their successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably release, remise and forever discharge Lender, and its successors and assigns, and its present and former elected officials, officers, attorneys, employees, agents and other representatives (Lender and all such other persons being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "**Claim**" and collectively, "**Claims**") of every kind and nature, known or unknown, suspected or unsuspected, at law or in equity, which the Redeveloper Entities, Guarantor, or any of their successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arose at any time on or prior to the date of this Amendment, including, without limitation, for or on account of, or in relation to, or in any way in connection with this Amendment or any of the other Loan Documents, or transactions hereunder or thereunder.

(b) The Redeveloper Entities and Guarantor understand, acknowledge and agree that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) The Redeveloper Entities and Guarantor understand, acknowledge

and agree that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

10. The Redeveloper Entities and Guarantor represent and warrant to Lender that they (a) understand fully the terms of this Amendment and the consequences of the execution and delivery of this Amendment, (b) have been afforded an opportunity to discuss this Amendment with, and have had this Amendment reviewed by, such attorneys and other persons as the Redeveloper Entities and Guarantor may wish, and (c) have entered into this Amendment and executed and delivered all documents in connection herewith of their own free will and accord and without threat, duress or other coercion of any kind by Lender or any other person. The parties hereto acknowledge and agree that neither this Amendment nor the other documents executed pursuant hereto shall be construed more favorably in favor of one than the other based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation and preparation of this Amendment and the other documents executed pursuant hereto or in connection herewith.

11. The Redeveloper Entities and the Guarantor represent and warrant that the Organizational/Lease Structure as set forth on Exhibit A hereto was true, accurate and complete as of the April 12, 2012 Closing of the Loan and is currently true, accurate and complete as of the date hereof.

12. Guarantor consents to this Amendment, and acknowledges and agrees that the Guaranty shall remain in full force and effect and apply to the obligations of Borrower as amended by this Amendment. Guarantor further agrees that the term "Obligations" as used in the Guaranty shall mean, among other things, the obligations of Borrower under this Amendment.

Miscellaneous

This Amendment shall be governed by and interpreted in accordance with the law of the State of Illinois, without regard to the choice of law rules of such State. In the event of any dispute or disagreement with respect to the intention or application of any of the foregoing provisions, reference should be made to the Loan Documents to the extent the same may provide insight into the intention of the parties as of the date of this Amendment. Any permitted successor or assign of the Loan Documents shall be automatically and without the need for further action be bound by the terms and conditions hereof. Except as modified herein, all terms and provisions of the Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. This Amendment may be executed in several facsimile or ".pdf" counterparts, all of which, taken together, shall constitute one original instrument.

[Signature pages follow]

Accepted and agreed to this 1st day of July, 2014.

LENDER:

CITY OF PEORIA

By: 
Its City Manager

Attest: 
Its City Clerk

ACCEPTED AS TO FORM:

By: 
Its City Attorney

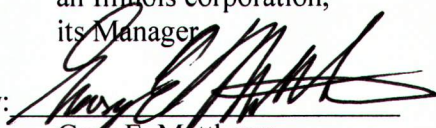
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BORROWER:

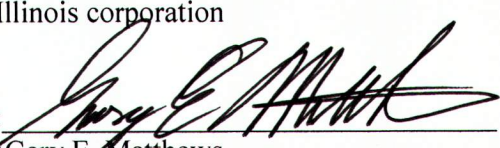
PERE MARQUETTE HOTEL, LLC,
an Illinois limited liability company

By: **GEM HOSPITALITY, LLC,**
an Illinois limited liability company,
its Manager

By: **EM PROPERTIES, LTD.,**
an Illinois corporation,
its Manager

By: 
Gary E. Matthews
President

PERE MARQUETTE TIF, INC.,
an Illinois corporation

By: 
Gary E. Matthews
President

**PERE MARQUETTE COURTYARD,
LLC,** an Illinois limited liability company

By: **GEM HOSPITALITY, LLC,**
an Illinois limited liability company,
its managing member

By: **EM PROPERTIES, LTD.,**
an Illinois corporation,
its Manager

By: 
Gary E. Matthews
President


[Signatures continue on succeeding page]

BORROWER (CONTINUED):

**PERE MARQUETTE GARAGE MT,
LLC**, an Illinois limited liability company

By: **GEM HOSPITALITY, LLC**,
an Illinois limited liability company,
its managing member

By: **EM PROPERTIES, LTD.**,
an Illinois corporation,
its Manager

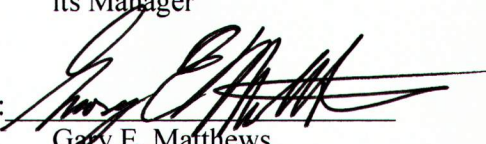
By: 

Gary E. Matthews
President

PERE MARQUETTE GARAGE, LLC,
an Illinois limited liability company

By: **GEM HOSPITALITY, LLC**,
an Illinois limited liability company,
its managing member


By: **EM PROPERTIES, LTD.**,
an Illinois corporation,
its Manager

By: 

Gary E. Matthews
President

[Signatures continue on succeeding page]

GUARANTOR:


† Gary E. Matthews

314-1499.d2

Side Letter Amendment
SLC-7335987-5

EXHIBIT A

March 30, 2012

Pere Marquette – Organizational / Lease Structure

