

payment to the City of 8% per annum of the amount so advanced, such payments to be made in accordance with the priority hereinafter set forth.

(c) HGC shall, from time to time, advance up to Two Million Dollars as and to the extent required for funding the private sector items for the Budget for the Project. At the time of such advances HGC shall provide written notice thereof to GCC. The First Million Dollars ("HGC's Initial Advance") so advanced shall be returned to HGC in accordance with the terms contained in Exhibit C. The Second Million Dollars ("HGC's Second Advance") so advanced shall be returned to HGC in accordance with the terms contained in Exhibit D.

2. GCC's Loan and HGC's Initial Advance shall be expended on a proportionate and equal basis as required for funding the private sector items of the Budget. At such time as the total of Two Million Dollars from GCC's Loan and HGC's Initial Advance has been expended, HGC shall as required, expend HGC's Second Advance.

3. In the event that the Three Million Dollars from GCC's Loan and HGC's Initial and Second Advances are insufficient, at anytime during the construction and/or operating periods of the Project, HGC shall have the option, but not the obligation, to advance additional amounts as needed ("Additional Advances"). HGC shall be entitled to receive a return of its Additional Advances with interest equal to HGC's cost of capital borrowing plus two percent.

4. The priority of payments to be made by HGC from the Project shall be as follows:

- (a) Operating expenses including Hotel Management fee.
- (b) Debt service of the permanent loan.
- (c) \$35,000 minimum rental to City.
- (d) Repayment of HGC's Additional Advance(s), if any, and HGC's Second Advance on terms described in Exhibit C.
- (e) Repayment of HGC's Initial Advance on terms described in Exhibit D.
- (f) On a proportionally equal basis:
 - (i) The 8% annual additional rental due City under Paragraph 1(b) hereof.
 - (ii) Payment of interest on any note in the form of "Exhibit B" from HGC to GCC.
- (g) Payment of principal on any note in the form of "Exhibit B" from HGC to GCC.