

TRANSIENT OCCUPANCY TAX SHARING AGREEMENT

This Transient Occupancy Tax Sharing Agreement (“Agreement”) dated _____, 2025, is by and between the CITY OF MURRIETA, a municipal corporation (“City”), and SAFAR & SAFAR BROTHERS, INC., a California corporation (including its successors and assigns, collectively, “Owner”).

RECITALS

- A. At the time of commencement of the revenue sharing agreement, the owner will be the owner of a fee interest in certain real property APNs 384-240-003 and 384-240-004 located in Murrieta, California (collectively, the “Property”).
- B. Owner intends to develop a 122-room (approximate) hotel on the Property (the “Project”), which is expected to generate substantial future transient occupancy tax (“TOT”) for the benefit of City.
- C. The Project will also include a medical office facility, which will alleviate some of the demands of local hospitals into an out-patient setting, providing a benefit to the community.
- D. The proximity to major medical facilities will serve to meet the medical needs of the City and will provide needed hotel, conference and office space that could be utilized by nearby hospitals, providing a benefit to the community.
- E. City finds that the Project’s benefits to the community based on the allocation of rooms and bed space for out-patient care as well as accommodations for health care professionals are substantial.
- F. Owner has requested City assistance in making the Project economically viable, and City has agreed to provide assistance to Owner pursuant to a transient occupancy tax sharing arrangement, and otherwise on the terms and conditions outlined in this Agreement.

AGREEMENT

1. Sharing. Subject to Section 3, City agrees to reimburse to Owner an amount equal to fifty percent (50%) of Transient Occupancy Tax revenue (“TOT”) paid to the City by Owner in connection with the Project during the Term, as defined below, not to exceed an amount of Six-Hundred Thousand Dollars (\$600,000.00) (“Owner’s Amount”). Each payment by the City to Owner of fifty percent (50%) of the TOT is an “Economic Development Subsidy”. Due to the cap established by the Owner’s Amount, Owner agrees that the final Economic Development Subsidy payment may be less than fifty percent (50%) of the TOT paid to the City during the Term by Owner in connection with the Project.
2. Monthly Report & TOT Remittance. The Owner shall submit a monthly report of the Project’s occupancy and the TOT collected by the Project to the City’s Finance Director. Together with the monthly report, the Operator shall remit a monthly TOT payment to the

City's Finance Director in accordance with the requirements of the City's Transient Occupancy Tax Ordinance (Murrieta Municipal Code Chapter 3.24).

3. Payment. Payments shall be due and payable as follows:

- The initial Economic Development Subsidy payment shall be made after (i) the Project receives a Certificate of Occupancy from City and (ii) thirty (30) days after the City receives the first transient occupancy monthly report and TOT payment generated by the Project (collectively, the "Commencement Date"). Thereafter, throughout the Term, each time the City receives a monthly Project TOT report and payment from the Owner, the City will verify the accuracy of the amount of TOT owed to the City and the City shall pay to the Owner the Economic Development Subsidy. Until the occurrence of both of the above-described conditions precedent, City shall have no obligation to make any payment of Economic Development Subsidy.
- After the Commencement Date and continuing monthly thereafter until the Payment Termination Date, City shall pay to Owner the Economic Development Subsidy. In no event shall the aggregate of such TOT payments made by the City under this Agreement exceed the Owner's Amount.
- Payments made by City to Owner under this Agreement will only be made solely from TOT generated by the Project and actually received by City.

4. Term. This Agreement shall terminate on the third anniversary of the Commencement Date ("Expiration Date"). City's obligation to make any payments under this Agreement shall terminate on the earlier to occur of (i) the City making a payment to Owner after the third anniversary of the Commencement Date ("Term"), (ii) payment by City to Owner of entire amount of the Owner's Amount (the "Payment Termination Date"), or (iii) Owner's breach of its obligations under this Agreement.

5. Expiration of Agreement. This Agreement shall expire upon City's payment of the Owner's Amount or at the conclusion of the Term, whichever is the first to occur. The Owner agrees that upon the expiration or earlier termination of this Agreement, and assuming no separate agreement has been agreed to in writing between the Parties on this matter, all TOT revenue sharing between the Parties shall cease, and the City shall be entitled to receive one hundred percent (100%) of all future TOT generated by the Project.

6. Public Benefit/Public Purposes. The City Council has determined that encouraging economic development, including private investment that involves creation of new jobs and income in the City is a valid exercise of its powers and provides an important public benefit and serves an important public purpose. By authorizing the City to enter into this Agreement, the City Council has determined that the benefits accruing as a result of the transactions contemplated by this Agreement, including, without limitation, (i) direct benefits such as the increase in quality hotel rooms and their role in increasing visitors to the City; (ii) increased revenues from property, sales, business license, utility and Transient Occupancy Taxes (TOT), (iii) enhanced economic opportunities generated by the development of a new hotel serving the City, (iv) the acceleration of quality jobs and

infrastructure to the City represent fair consideration for all of the obligations to be undertaken by the City as contemplated by this Agreement, and (v) the Project will include medical office facilities alleviating demands of local hospitals.

7. Interest of Members of City. No member of the City Council of City and no other officer, employee or agent of the City who exercises any functions or responsibilities in connection with the carrying out of the City's work shall have any personal interest, direct or indirect, in this Agreement.
8. No Obligation to Build or Operate. Both Parties acknowledge that the Project is currently in the proposal stages, and Owner shall have no liability to City for failure to build or operate a hotel as contemplated by the Parties herein.
9. Unsecured Obligation. Owner acknowledges and agrees that the payments to be made hereunder are an unsecured, special obligation of City payable only out of the TOT generated by the Project. Owner acknowledges and agrees that neither City's TOT from the Project, nor any revenues of City are, have been, or will be pledged or hypothecated by City to or for payment of amounts owing under this Agreement. If and when requested by City, Owner agrees to execute and deliver to City, within five (5) business days after receipt, a certificate acknowledging for the benefit of any and all third parties that City's obligation under this Agreement is an unsecured obligation of City for which neither City's TOT, nor any revenues of City are, have been, or will be pledged or hypothecated to or for payment.
10. Operating Covenant.
 - Owner shall operate a hotel on the Property in accordance with this Agreement, from the Commencement Date until the Expiration Date. If Owner fails to operate the Property in a manner which generates TOT for more than two weeks (subject to temporary suspension due to government order or repair or rehabilitation of the hotel), then City shall be entitled to recover all previous payments by City to Owner hereunder up to the Owner's Amount.
11. Default. Upon the default by City under this Agreement, including, without limitation, a failure to make a payment within thirty (30) days after receiving written notice from Owner that such payment is due, past due amounts shall bear interest at the lesser of three percent (3%) per annum or the maximum rate allowed by law at the time of the default.

Upon default by Owner, including, without limitation, a failure to comply with any term or this Agreement or any provision in Murrieta Municipal Code Chapter 3.24, City shall be entitled to terminate this Agreement.
12. Payments. All payments due hereunder are payable in lawful money of the United States of America.
13. Amendments. This Agreement may not be changed; modified, amended or terminated except by a writing executed by the party against whom enforcement of such change or termination is sought.

14. Authority. Owner and City (and the undersigned representatives of each) represent that each has full power, authority and legal right to execute and deliver this Agreement and that the respective obligations hereunder constitute valid and binding obligations of Owner and City.
15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Venue shall be in Riverside County, California.
16. Assignment. Owner shall have the right to assign its interest in this Agreement to any person or entity which legally and validly succeeds to the interests of Owner in the Project, as well as to any lender providing financing to the Project.
17. Third Party Beneficiary. This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and assigns. No other Person shall have any right of action based upon any provision of this Agreement.
18. Negation of Partnership. The Parties specifically acknowledge that the Project is a private development, that neither Party is acting as the agent of the other in any respect hereunder, and that each Party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties in the businesses of Owner, the affairs of the City, or otherwise, or cause them to be considered joint venturers or members of any joint enterprise.
19. Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be sent by: (a) certified or registered mail, postage pre-paid, return receipt requested, (b) personal delivery, or (c) a recognized overnight carrier that provides proof of delivery, and shall be addressed as follows:

If to Owner:

Safar & Safar Brothers, Inc.
Attn: Amanda Bui
19510 Van Buren Blvd, F3-484
Riverside, CA 92508

If to the City:

City of Murrieta
Attn: Economic Development Director
1 Town Square
Murrieta, CA 92562

With a Copy to:

Aleshire & Wynder, LLP
Attn: Tiffany J. Israel
1 Park Plaza
Suite 1000
Irvine, CA 92614

Notices shall be deemed effective upon receipt or rejection only.

20. Insolvency. This Agreement and all of City's obligations hereunder shall terminate in the event a court shall have made or entered any decree or order: (i) adjudging Owner to be bankrupt or insolvent, (ii) approving as properly filed a petition (unless such petition is dismissed within ninety (90) days) seeking reorganization of Owner or an arrangement under the bankruptcy laws or any other applicable debtor's relief law or statute of the United States or any state thereof, (iii) appointing a receiver, trustee or assignee of Owner in bankruptcy or insolvency or for its property, unless such appointment is dismissed within ninety (90) days: (iv) directing the winding up or liquidation of Owner unless such decree or order is dismissed within ninety (90) days, or (v) Owner shall have voluntarily submitted to or filed a petition seeking any such decree or order.
21. Use of Terms. In all matters of interpretation, whenever necessary to give effect to any provision of this Agreement, the singular shall include the plural, the plural shall include the singular, each gender shall include the other, and the terms "City" and "Owner" shall include their respective heirs, successors and assigns.
22. Severability. If any provision or any word, term, clause or other part of any provision of this Agreement shall be invalid for any reason, the same shall be ineffective, but the remainder of this Agreement and the provisions hereof shall not be affected and shall remain in full force and effect.
23. Further Assurances. City and Owner agree to cooperate in including in this Agreement, by suitable amendment, any provision which may be reasonably requested by any proposed secured lender ("Mortgagee") for the purpose of (i) adding commercially reasonable mortgagee protections, (ii) allowing such Mortgagee reasonable means to protect or preserve its security interest in the collateral, including its lien on the Property and the collateral assignment of this Agreement and/or (iii) clarifying terms or restructuring elements of the transactions contemplated hereby; provided, however, in no event shall City be obligated to materially modify any of Owner's obligations or City's rights under this Agreement in any manner not already contemplated in this Agreement.
24. Authority to Enter Agreement. All Parties have the requisite power and authority to execute, deliver and perform the Agreement. All Parties warrant that the individuals who have signed this Agreement have the legal power, right, and authority to bind each respective Party.
25. Amendment/Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by all Parties.
26. Indemnification. Owner shall defend, assume all responsibility for and hold the City, its council members, officers and employees, harmless from all demands, claims, actions and damages, of whatever type or nature, including all costs of defense and attorneys' fees, to any person or property arising out of or caused by any of Owner's activities under this Agreement, whether such activities or performance thereof be by Owner or anyone directly or indirectly employed or contracted with by Owner and whether such damage shall accrue or be discovered before or after commencement of operation of the Project.

27. Remedies. Upon the occurrence of a default, the City, at its option, may declare this Agreement to be in default and, in such event, the City shall have all the rights and remedies prescribed at law or in equity. Following an event of default, the City shall have no further obligation to disburse all or any portion of Reimbursement TOT.
28. Limitation of Legal Acts. Except as provided in Section 9, Default, in no event shall the City, or its officers, agents or employees, be liable in damages for any breach or violation of this Agreement, it being expressly understood and agreed that the Developer's sole legal remedy for a breach or violation of this Agreement by the City shall be a legal action in mandamus, specific performance or other injunctive or declaratory relief to enforce the provisions of this Agreement.
29. Attorneys' Fees. In the event of litigation between the Parties arising out of this Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and other costs and expenses incurred, including attorneys' fees on appeal, and all other reasonable costs and expenses for investigation of such action, including the conducting of discovery, in addition to whatever other relief to which it may be entitled.
30. Compliance With Governmental Regulations. Owner shall, at its sole cost and expense, comply with all applicable municipal, county, state and federal laws, rules, regulations and ordinances now in force, or which may hereafter be in force, pertaining to its activities contemplated under this Agreement, including, but not limited to, all land use entitlements applicable to the Property; issuance of building and use permits and compliance with all federal and state labor laws (collectively, "Laws"). Supplementing the indemnity set forth in Section 26 above, Owner shall defend, indemnify and hold the City, its elected officials, officers, members, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure of Owner to comply with such Laws relating to this Agreement.

Specifically, by its execution of this Agreement, Owner certifies that it is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects. If any work being performed by Owner pursuant to or related to this Agreement is an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, Owner agrees to fully comply with such Prevailing Wage Laws. If required, Owner shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the work on the project available to interested parties upon request, and shall post copies at the Owner's principal place of business and the project site, and shall fully indemnify the City as described above for any failure to comply with such requirements.

31. Time is of the Essence. Time is of the essence of each and every provision of this Agreement.

32. Entire Agreement. This Agreement embodies the entire agreement between the Parties and supersedes any prior or contemporaneous understandings between the Parties related to the Agreement.
33. Waiver. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
34. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

“CITY”:

CITY OF MURRIETA

ATTEST:

By: _____
City Manager

By: _____
City Clerk

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

“OWNER”

SAFAR & SAFAR BROTHERS, INC., a
California corporation

By: _____
City Attorney

By: _____
Name: Amanda N. Bui
Title: President