



Experience



LAS VENTANAS AL PARAISO | LOS CABOS, MEXICO





FOUR SEASONS RESORT HUALALAI | HUALALAI, HAWAII



THE RITZ-CARLTON HALF MOON BAY RESORT | HALF MOON BAY, CALIFORNIA



ONE&ONLY OCEAN CLUB | PARADISE ISLAND, BAHAMAS



TUCKER'S POINT CLUB | HARRINGTON SOUNDS, BERMUDA

“Design is in everything we see.
Whether at home, work or traveling
internationally; these visions mold
our ideas into a design that tells
a unique and fascinating story.”



FOUR SEASONS SHARM EL SHEIKH | SHARM EL SHEIKH, EGYPT



FOUR SEASONS SHARM EL SHEIKH | SHARM EL SHEIKH, EGYPT



HYATT REGENCY TAMAYA RESORT & SPA | SANTA ANA PUEBLO, NEW MEXICO



HYATT REGENCY TAMAYA RESORT & SPA | SANTA ANA PUEBLO, NEW MEXICO



LOEWS VENTANA CANYON RESORT | TUCSON, ARIZONA



THE RITZ-CARLTON DOVE MOUNTAIN | TUCSON, ARIZONA



THE RITZ-CARLTON BACHELOR GULCH | AVON, COLORADO



THE RITZ-CARLTON BACHELOR GULCH |
AVON, COLORADO



FOUR SEASONS JACKSON HOLE |
JACKSON HOLE, WYOMING



FOUR SEASONS VAIL | VAIL, COLORADO



SUNCADIA RESORT | ROSLYN, WASHINGTON



MONTAGE DEER VALLEY | PARK CITY, UTAH



W DALLAS VICTORY HOTEL AND RESIDENCES | DALLAS, TEXAS



MONTAGE BEVERLY HILLS | BEVERLY HILLS, CALIFORNIA



FOUR SEASONS HOTEL SILICON VALLEY AT EAST PALO ALTO | EAST PALO ALTO, CALIFORNIA



W HOLLYWOOD HOTEL AND RESIDENCES | HOLLYWOOD, CALIFORNIA



OMNI HOTEL NASHVILLE | NASHVILLE, TENNESSEE



JW MARRIOTT CONVENTION CENTER HOTEL | AUSTIN, TEXAS



VENETIAN MACAO RESORT HOTEL | MACAU ISLAND, MACAU, SAR, PEOPLE'S REPUBLIC OF CHINA



THE PALAZZO LAS VEGAS | LAS VEGAS, NEVADA



JW MARRIOTT SAN ANTONIO PGA RESORT | SAN ANTONIO, TEXAS



ARIA HOTEL & CASINO AT CITYCENTER LAS VEGAS, NEVADA



TAH. MAH. LAH. RESIDENCE | PORTOLA VALLEY, CALIFORNIA



TAH. MAH. LAH. RESIDENCE | PORTOLA VALLEY, CALIFORNIA



ASPEN VALLEY RANCH | ASPEN, COLORADO



HAWAIIAN HOUSE | BIG ISLAND, HAWAII

Select Client List

Atlantis, Capella Hotels & Resorts, Destination Hotel & Resorts, Divinity, Doubletree Hotels, Embassy Suites, Fairmont Hotels & Resorts, Fontainebleau Hotels, Four Seasons Hotels & Resorts, Foxwoods Resort Casino, Hardrock Hotels, Harrah's Casino Hotels, Hilton Hotels, Hyatt Hotels & Resorts, Hyatt Place, Hyatt Summerfield Inns, InterContinental Hotel & Resorts, Kimpton Hotels, Loews Hotels, Mandarin Oriental Hotel Group, Marriott Hotels, Meridian, MGM Grand, Montage Resorts, Omni, One&Only Resorts, The Ritz-Carlton Hotels & Resorts, Ritz Reserve, Rosewood Hotels & Resorts, Westin Hotels, Shangri-la Hotels & Resorts, St. Regis Hotels & Resorts, Starwood Hotels & Resorts, Sundance Resort, The Venetian Resort, Hotel, Casino, W Hotels, Walt Disney World Resorts, Watermark Hotel, The West Paces Hotel Group, Westin Hotels, Wyndham Hotels & Resorts

For More Information

Nunzio M. DeSantis, FAIA, LEED AP
Executive Vice President
HKS Hospitality Group
350 N. Saint Paul St, Suite 100
Dallas, Texas 75201
214.969.5599

hksinc.com

HKS | HOSPITALITY GROUP



Geolo Capital

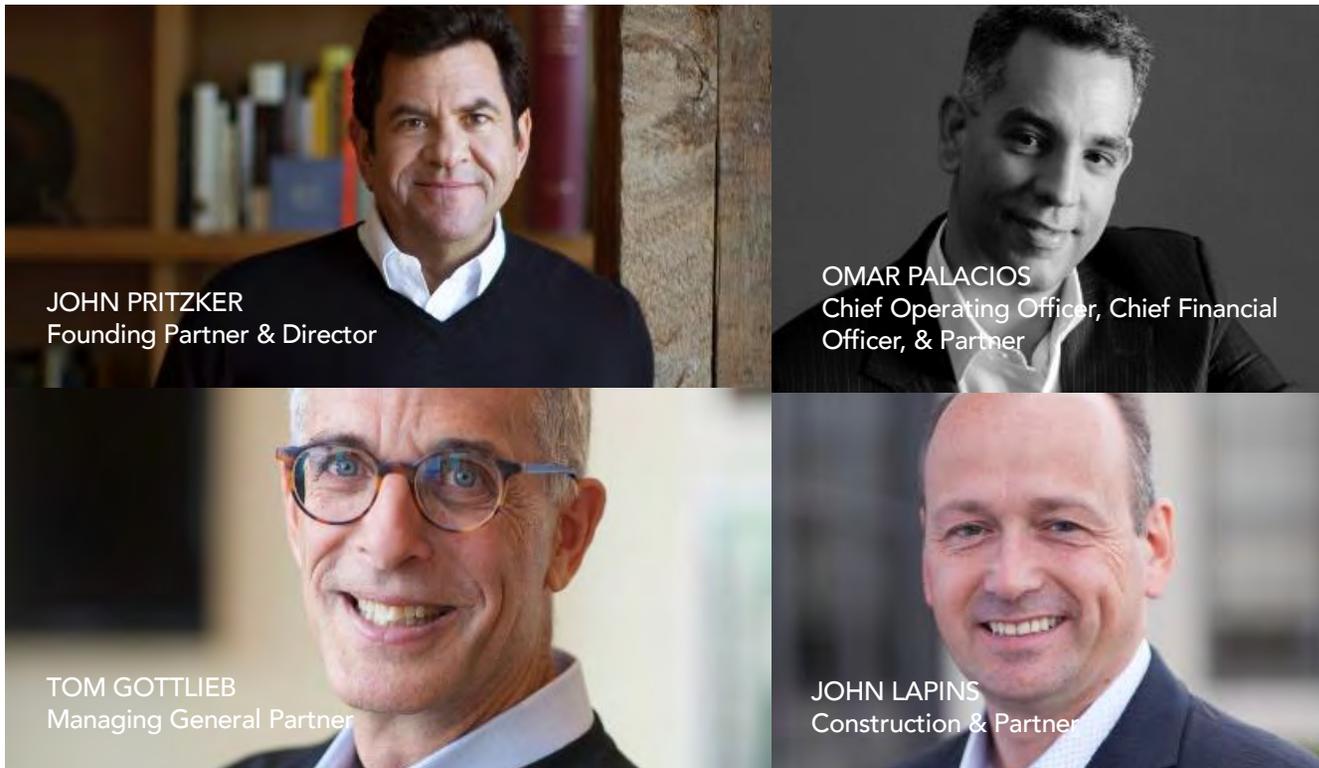
Sponsor Qualifications – Who We Are

Geolo Capital is the San Francisco-based private equity investment arm of the John A. Pritzker family office. We are both an operator and investor focused on three core areas: real estate, hospitality, and consumer companies.

- A developer, owner, and operator with expertise in complicated adaptive reuse projects, historical restorations, and ground-up development.
- We look for unique opportunities and create substantial value by driving revenue and increasing net operating income.
- Our integrated hotel management arm, Commune + Destination, provides unparalleled operating expertise throughout a broad spectrum of hospitality products.
- Our hands-on asset management philosophy and our team of experienced professionals add value throughout the development process.
- We're backed by multigenerational relationships developed through the Pritzker network, enabling us to source and close off-market transactions.
- And because we think and act like a private equity fund and a family office, we evaluate investments for both long-term appreciation and risk-adjusted IRR.

Sponsor Qualifications – Meet the Team

Our partners collectively have more than 150 years of hotel and real estate experience





Commune Hotels + Resorts / Destination Hotels



COMPANY OVERVIEW

August 2016



WE CREATE
TRANSFORMATIVE
EXPERIENCES
THAT INSPIRE THE
HUMAN SPIRIT



WHO WE ARE

The only multi-branded company specializing solely in boutique and lifestyle hotels and resorts

A partner to our owners

An innovative and iconic restaurant, bar and event company

Defined by team members who are empowered, engaged and who want to work with us

An organization with strong leadership, who unlike the large chain companies, is available and engaged with its investor clients and team members



THOMPSON SEATTLE



SKAMANIA LODGE



L'AUBERGE DEL MAR

OUR COMPANY BY THE NUMBERS

+45

years of independent and boutique hotel and resort management, development, and ownership experience

+200

unique restaurant & bar concepts generating +\$600M in revenues

5

distinctive brands – *Alila, Destination, Joie de Vivre, Thompson and tommie*

44%

of total portfolio revenues are driven by ancillary revenues

9

Global Sales Offices

+18,000

empowered team members

+90

properties that generate +\$2 billion in revenue annually

COMPETITIVE ADVANTAGES



VAIL CASCADE



HOTEL VITALE



CHICAGO ATHLETIC ASSOCIATION



THE BEEKMAN

Proven track record of increasing net asset value and driving owner returns

Top-line performance at a fraction of the cost

Flexible approach to hotel design, development and operations

Revenue generation through multi-channel optimization

Dynamic sales and marketing platform with global presence

Dedicated property-specific social media

OUR HISTORY...



MAY 1987

Chip Conley founds *Joie de Vivre*, opening the Hotel Phoenix in San Francisco

SEP 2001

Thompson opens first hotel in NYC's SoHo



**OCT 2011
MERGER**

COMMUNE
HOTELS + RESORTS

JUN 2013

tommie announced as Commune Hotels & Resorts' newest brand



MAY 2014

Alila Hotels & Resorts brand joins the family

Alila

**JAN 2016
MERGER**

COMMUNE // **DESTINATION**
HOTELS + RESORTS HOTELS

1974

Destination Hotels & Resorts formed by Lowe Enterprises to support hotel management platform



OUR BRANDS

Alila

Contemporary luxury, stylish and relaxing resort environments



DESTINATION[®]
HOTELS

Highly distinctive resorts, drawing from the diversity of each location



joie de vivre
HOTELS RESORTS

Delightfully eclectic set of boutique hotels, each created to be utterly unique



THOMPSON HOTELS

A luxury, lifestyle collection for the sophisticated and authentic traveler

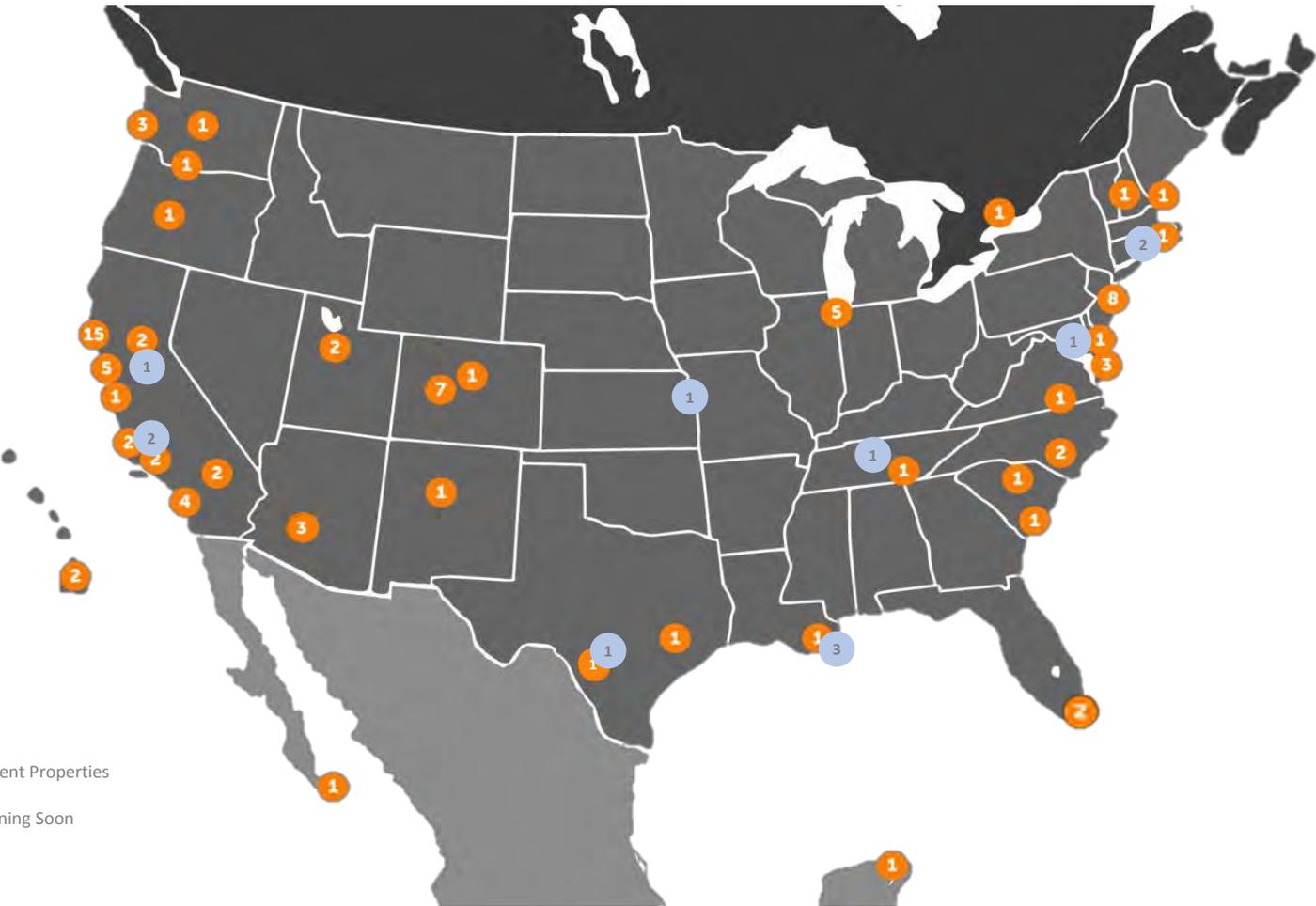


tommie

Micro-lifestyle hotels designed for the millennial-minded traveler

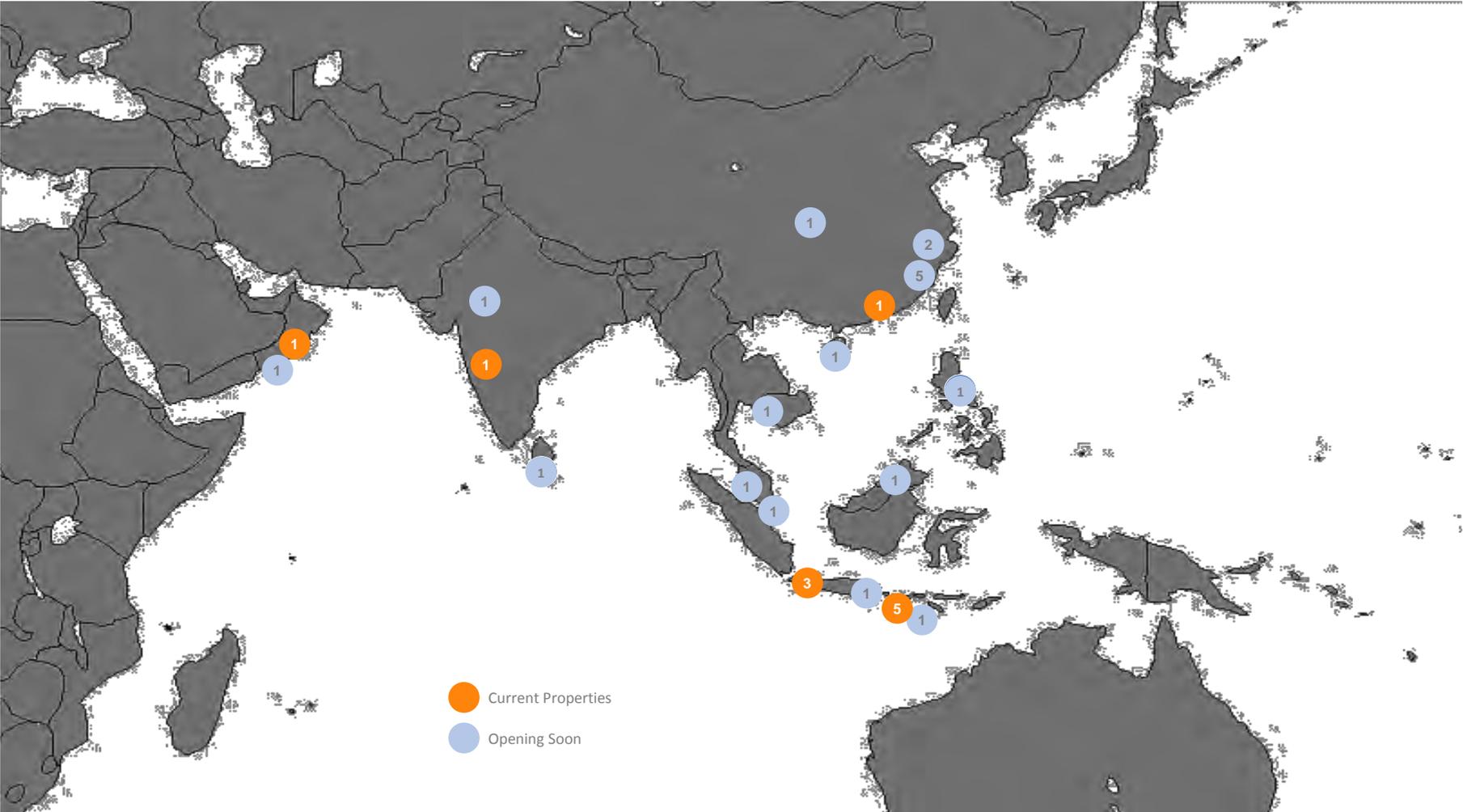


NORTH AMERICAN PORTFOLIO



- Current Properties
- Opening Soon

ASIAN/MIDDLE EASTERN PORTFOLIO



RESTAURANTS, BARS AND NIGHTLIFE

We cultivate our restaurants & bars to become an integral part of every unique destination, where *“guests feel like locals and locals want to be.”* We specialize in creating award-winning restaurants through partnerships with local and international celebrity chefs and restauranteurs. There are currently more than 200 Restaurant & Bar outlets within the company’s portfolio.

Our locally-inspired restaurant, bar, lounge and nightlife concepts fill gaps in their markets to establish themselves as the *“place to be and be seen.”* Current outlets consistently create their own marketing engine to help drive net income.



Alila

DESTINATION[®]
HOTELS

joie de vivre
HOTELS & RESORTS

THOMPSON HOTELS

tommie

EVENTS

Driving Revenues through Banquets and Catering

- In 2016, our portfolio properties are forecasted to generate \$220 million in banquets and catering revenues

Capturing Group Business Across the Portfolio

- ±2 million SF of function space
- 8 conference center hotels/resorts in key markets
- \$27 million in portfolio-wide conference services revenues during the TTM for June 2016



Alila

DESTINATION[®]
HOTELS

joie de vivre
HOTELS & RESORTS

THOMPSON
HOTELS

tommie

TECHNICAL SERVICES

With more than 45 years of proven experience in hotel and resort development, we have the expertise and resources to bring the Hotel from feasibility to opening. Our dedicated Technical Services team provides the following functions:

Project Feasibility Analysis

Project Documentation

Pre-Construction

Construction

Closeout



SALES & MARKETING

All portfolio hotels and resorts contribute to a Centralized Brand Sales and Marketing fund. These funds support the sales, brand marketing, PR and revenue management initiatives, as follows...

Sales

- Sales deployment and oversight
- Technological systems support
- Trade show representation & roadshows

Marketing

- Brand campaigns
- Website development and optimization
- Special initiative support, ie. renovations and repositionings

Social Media

- Property-specific social media
- Tools for content - Offerpop, Hootsuite and Revinate

Public Relations

- Collective brand PR initiatives and general PR support
- Press releases posted to brand website press room
- All media and press related assistance



2015 Portfolio Segmentation		
	<u>Rooms Rev</u>	<u>% of Total</u>
Transient	\$561 M	70.5%
Group	\$235 M	29.5%
Total	\$796 M	100%

EMPLOYMENT CULTURE

Over 18,000 Empowered Team Members

A key difference from the larger chains, we attract, employ, and retain the best and most innovative talent in the industry.

Culture

With a commitment to creating transformative experiences, we pledge ourselves to diversity and inclusion. We encourage all team members to be their best authentic selves.

Corporate Support Platform

“Best-In-Class” training programs, centralized benefits, compensation, legal, risk management, and employee-labor relations, and support for our properties with the best systems and technology.

Retention & Bench Strength

We maintain a deep pool of qualified candidates and promote from within the family.



DIRECT CORPORATE SUPPORT & OVERSIGHT



Thomas P. Luersen
Chief Operating Officer



Jamie Sabatier



Niki Leondakis



André Fournier
*Executive Vice President
Sales & Marketing*



Todd Wynne-Parry
*Executive Vice President
Acquisitions & Development*



Shirli Sensenbrenner
*Senior Vice President
Design and Construction*



Andrew Arthurs
Senior Vice President and CIO



Jorge Treviño
*Executive Vice President
Opening & Transitions*



Robert Mellwig
*Senior Vice President
People Services*



Kathleen Cullen
*Senior Vice President
Revenue Management*



Ron Sheldon
*Senior Vice President
Design and Tech Services*



Marie Torres
*Vice President
Marketing & Branding*



Lana Trevisan
*Vice President
Restaurants, Bars and Events*



Matthew Stuhl
*Vice President
Restaurants, Bars and Events*



COMMUNE
HOTELS + RESORTS



DESTINATION®
HOTELS

Select Luxury Properties

CARMEL VALLEY RANCH

While Carmel Valley Ranch has been a favorite getaway spot for decades, the resort reimagined itself as something more than a traditional escape. Guests can play 18 holes of world-class golf, access hundreds of miles of hiking trails, wander around an organic garden, learn about honey bees in an apiary, explore vineyard terroir, enjoy mountain-top yoga, and then relax by their choice of pools—all within one 500-acre playground. There are three individual neighborhoods of guest suites, with stunning views of the valley and a sense of relaxing privacy.



Location: Carmel by the Sea, CA

Brand: Joie de Vivre

Keys: 140

Food & Beverage: 3 restaurants

Meeting Space: 47,000 sf



L'AUBERGE DEL MAR

This luxury California beach resort sets a new standard in coastal hospitality. Reminiscent of a private, coastal estate, the resort's mantra "relaxing by day, stylish by night" encapsulates the experience. This stylish seaside hotel offers 121 guest rooms and suites, award-winning dining options, an ocean-inspired wellness spa, private walking path to the beach and relaxing pool area. Offering the perfect balance of beachy casual and upscale chic, L'Auberge ranks among the top resorts in the world by Condé Nast.

Location: Del Mar, CA

Brand: Destination

Keys: 121

Food & Beverage: 2 restaurants, 2 bars

Meeting Space: 17,000 sf



TERRANEA RESORT

This luxury eco resort offers well-appointed rooms and suites and includes a collection of residential Bungalows, Casitas and Villas. Terranea features an award-winning golf course, the soothing oceanfront Spa at Terranea, four ocean-view pools and a collection of eight distinctive food and beverage outlets. As the location of many Hollywood films and television shows, all who come to Terranea feel as though they've walked onto the set of paradise.



Location: Rancho Palos Verdes, CA

Brand: Destination

Keys: 360

Food & Beverage: 5 restaurants, 1 bar, 1 lounge, 1 grab-and-go

Meeting Space: 60,000 sf indoor + 75,000 sf outdoor



VENTANA INN & SPA

Ventana is a destination for your soul - an exclusive hideaway and an escape from the stresses of daily life. Set amid 243 acres on the rugged Pacific Coast, Ventana takes its inspiration from its majestic surroundings offering guests the utmost in privacy and serenity. Guests can revitalize at the Spa, relax at one of two outdoor pools, or stargaze from the Japanese baths. At the Restaurant at Ventana, Chef Paul Corsentino prepares an eclectic menu rooted in classic cuisine while incorporating playful twists that feel right at home in the unpretentious surroundings.



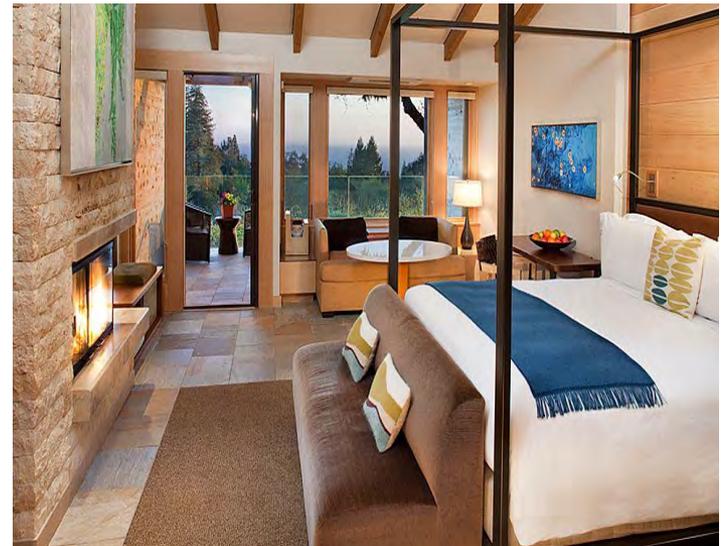
Location: Big Sur, CA

Brand: Joie de Vivre

Keys: 60

Food & Beverage: 1 restaurant

Meeting Space: 8,000 sf



PERFORMANCE METRICS

RevPAR Index 2015						
	<u>Transient Weekday</u>	<u>Transient Weekend</u>	<u>Group Weekday</u>	<u>Group Weekend</u>	<u>Total Weekday</u>	<u>Total Weekend</u>
Carmel Valley Ranch	114.9%	124.5%	108.8%	116.3%	112.3%	122.2%
L'Auberge Del Mar	110.1%	129.7%	87.8%	84.5%	101.3%	116.4%
Terranea Resort	70.5%	94.9%	111.4%	110.4%	92.7%	101.3%
Ventana Inn and Spa*	N/A	N/A	N/A	N/A	N/A	N/A

2015 Performance Metrics						
	<u>Occ</u>	<u>ADR</u>	<u>RevPAR</u>	<u>Total Rev</u>	<u>GOP</u>	<u>RevPAR Index</u>
Carmel Valley Ranch	79%	\$194	\$153	\$11 M	46%	116.0%
L'Auberge Del Mar	81%	\$370	\$299	\$27 M	43%	106.4%
Terranea Resort	67%	\$339	\$226	\$129 M	32%	95.6%
Ventana Inn & Spa	97%	\$756	\$731	\$20 M	34%	115.6%

*Ventana segmentation data not available for 2015



COMMUNE
HOTELS + RESORTS

DESTINATION[®]
HOTELS



Exhibits

Please find the Exhibits:

- › Preliminary Development Program
- › Development Schedule
- › Respondent Project Entity Organizational Chart
- › Koch Equity Investments Letter of Intent
- › Hall Structured Finance Letter of Intent



Preliminary Development Program

PROGRAM SUMMARY

	SF	SF/Key	%
Public Areas			
Interior	24,210	214	23%
Exterior	21,800	193	
Guestrooms			
Interior	63,120	559	60%
Exterior	15,430	137	
Administration & Back-of-House	18,175	161	17%
Parking (119 spaces)	38,318		
TOTAL SF INTERIOR	105,505	934	100%
TOTAL SF EXTERIOR	37,230	329	

GUESTROOM SUMMARY

	Modules Per Key	Total Modules	Keys	%	Kings	DQ	1 Bdr Suites	3 & 4 Bdr Suites
Typical Guestroom	1.00	102	102	90.27%	87	15		
Suites	2.00	14	7	6.19%	0	0	7	
Villas	1.00	4	4	3.54%			4	
TOTAL GUEST ROOMS		120	113	100.00%	87	15	11	0

PROGRAM DETAILS

A. PUBLIC AREAS		
1. ENTRY, REGISTRATION & LOBBY		SF
a. Porte Cochere (Exterior)		0
b. Reception		200
c. Living Room/Lounge		1,200
d. Concierge		100
e. Bag/Bellman		100
f. Public Circulation		370
g. Restrooms		400
SubTotal		2,370
2. FOOD & BEVERAGE	Seats	SF
a. Restaurant	60	1,500
b. Private Dining/Wine Room	12	300
c. Bar/Lounge	17	500
d. Restrooms		400
e. Host Area/Circulation		50
f. Exterior Terrace	0	0
SubTotal		2,750
3. FUNCTION SPACE		SF
a. Ballroom		3,000
b. Meeting Rooms		1,700
c. Boardroom		600
d. Prefunction		1,800
e. Business Center		0
f. Restrooms (Ballroom)		500
g. Entry Lobby		200
h. Event Lawn		10,000
i. Hobby Winery (Exterior Pavilion)		0
j. Circulation & Miscellaneous		500
SubTotal		18,300

4. SPA	SF
a. Lobby/Reception/Retail	300
b. Relaxation/Lounge/Circulation	500
c. Office/BOH	450
d. Treatment Rooms - 6 each/240 sf	1,440
e. Locker Rooms	500
f. Exterior Circulation/pool	4,000
SubTotal	7,190

5. INTERIOR AMENITIES	SF
a. Fitness Studio	1,500
b. Restrooms	200
c. Circulation & Miscellaneous	150
SubTotal	1,850

6. EXTERIOR AMENITIES	SF
a. Pools	3,200
b. Pool Decks	4,100
c. Circulation & Miscellaneous	500
SubTotal	7,800

7. RETAIL	SF
a. Gift Shop	200
b. Other Retail	0
c. Circulation & Miscellaneous	0
SubTotal	200

PUBLIC AREAS TOTAL	47,010
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HRV HOTEL PARTNERS

B. GUESTROOMS - INTERIOR SPACE				
1. GUESTROOM MODULES	Keys	Modules	SF/Module	Total SF
a1. King 15' X 33' = 495 SF	87	87	495	43,065
a2. King 15' X 33' = 495 SF	15	15	495	7,425
a3. Suites	7	14	495	6,930
a4. Spa Suites	4	4	700	2,800
a5. 4-Bedroom Residential				
b. Guestroom Corridors				Exterior
c. Guest Elevators				0
d. Service Elevators & Service Core				300
e. Exit Stairs				1,500
f. Mechanical/Electrical				350
g. Housekeeping/Linen				500
h. Miscellaneous Service				250
Guestrooms - Interior Space Total				63,120

GUESTROOMS - EXTERIOR SPACE				
1. GUESTROOM MODULES		Qty	SF/Each	Total SF
a1. King				
	Balconies	45	90	4,050
	Terraces	42	120	5,040
a2. Double Queen				
	Balconies	7	90	630
	Terraces	8	120	960
a3. Suites				
	Balconies	3	90	270
	Terraces	4	120	480
a4. Spa Suites				
	Terrace	4	1000	4,000
a5. 4-Bedroom Residential				
	Terrace			
b. Guestroom Corridors				
c. Exterior Circulation				
Guestrooms - Exterior Space Total				15,430

C. ADMINISTRATION & BACK-OF-HOUSE	
1. GENERAL ADMINISTRATIVE	SF
a. Luggage Storage	200
b. Front Desk Administrative	150
c. Accounting Administrative	150
d. General Administrative	200
e. Executive Offices	250
f. Circulation	700
SubTotal	1,650

2. SPECIALTY RESTAURANTS	Seats	SF
a. Restaurant	72	1,800
b. Private Dining/Wine Room	20	500
c. Bar/Lounge	27	800
d. Roof Top Bar	67	2,000
e. Restrooms		400
f. Host Area/Circulation		50
g. Exterior Terrace	33	1,000
SubTotal		6,550

3. FOOD & BEVERAGE PREPARATION & STORAGE	SF
a. Kitchen	1,800
b. Specialty Restaurant Kitchen	1,500
c. Service	150
d. Pantry	300
e. Banquet Storage	75
f. Chef's Office	75
g. Dry Storage	100
h. Refrigerated Storage	100
i. Room Service	125
j. Circulation	400
SubTotal	4,625

4. GENERAL SERVICE	SF
a. Dock	300
b. Receiving Office	100
c. Purchasing Office	100
d. Hold Storage	75
e. Liquor Storage	125
f. Dry Storage	75
g. Refrigerator Storage	150
h. Bulk Storage	150
i. Servibar Storage	200
j. Trash / Can Wash	75
k. Security	100
l. Function Storage	350
m. Misc. Equipment Storage	300
n. Circulation & Miscellaneous	1,500
SubTotal	3,600

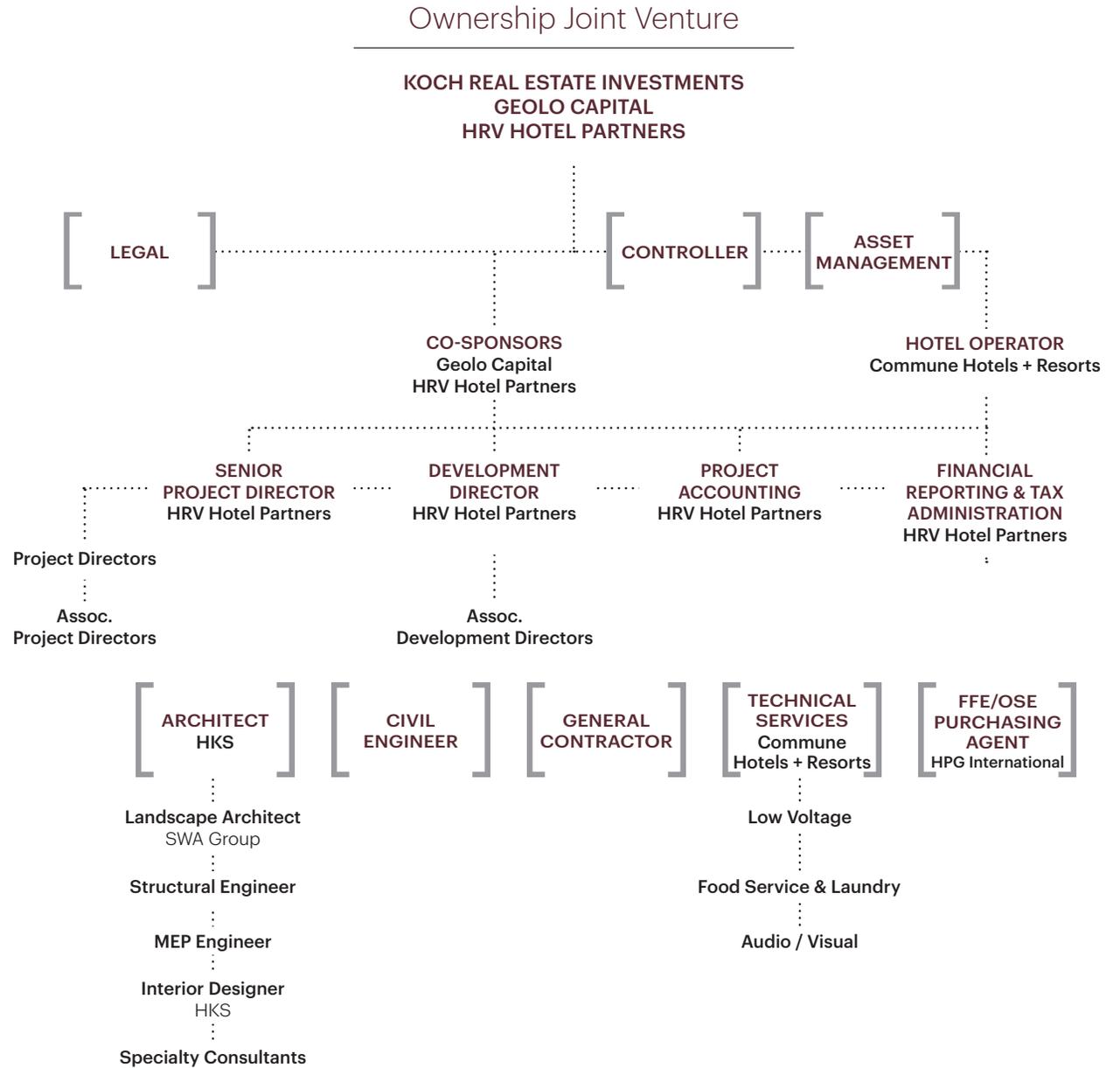
5. EMPLOYEE FACILITIES	SF
a. Personnel	150
b. Employee Dining	700
c. Employee Lockers & Rest Rooms	800
d. Miscellaneous Storage	250
e. Circulation & Miscellaneous	400
SubTotal	2,300

6. HOUSEKEEPING & LAUNDRY	SF
a. Housekeeping & Laundry Offices	100
b. Housekeeping Work & Storage Area	250
c. Laundry	1,700
d. Storage	250
e. Circulation & Miscellaneous	600
SubTotal	2,900

7. MAINTENANCE & ENGINEERING	SF
a. Engineering Office & Secretary	200
b. Engineering Shop & Storage	400
c. Mechanical & Electrical Rooms	1,500
d. Circulation & Miscellaneous	1,000
SubTotal	3,100

ADMINISTRATION & BACK-OF-HOUSE TOTAL	18,175
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Respondent Project Entity Organizational Chart



August 17 2016

Noah Housh
City of St Helena
1480 Main Street
St Helena, CA 95574

Re: Letter of Interest in the acquisition and development of Downtown Main Street and the Adam's Street Sites in St. Helena, CA ("LOI")

Mr. Housh:

This LOI is to express Koch Real Estate Investments, LLC's interest in participating as an investment partner with HRV Hotel Partners, LLC and Geolo Capital in the acquisition and development of the Main Street and Adam Street sites.

Koch Industries Inc. is the second largest privately held company in the US with over \$100 billion in annual revenue. Since 2010, its affiliate has invested over \$1B into real estate. In 2015, Koch Industries created a real estate investment arm Koch Real Estate Investments, to continue to execute on the company's real estate strategy and aggregate all real estate investments across Koch Industries Inc.

We have reviewed the RFP's issued by the City of St. Helena and the proposed plan by HRV Hotel Partners and Geolo Capital to acquire and develop the sites into two high quality hotel projects to be managed by Commune Hotels + Resorts / Destination Hotels. Subject to completing our due diligence investigation of the sites and negotiating definitive written agreements encompassing the terms of the deal, Koch Real Estate Investments, LLC remains interested in the potential investment opportunity.

We can be available for a call or in person meeting with you and HRV Hotel Partners to discuss our interest further.

Notwithstanding any of the foregoing, it is understood that this LOI does not represent a binding offer, commitment, or agreement with respect to the proposed investment opportunity. Any such binding offer, commitment, or agreement will arise only when the parties have agreed upon and executed definitive written agreements. As such, this LOI is not to be viewed as dispositive of the issues thereof and is non-binding in all respects. Moreover, none of the parties mentioned above, or any of their respective affiliates or representatives shall have any obligation to commence or continue discussions or negotiations (and, accordingly, may terminate discussions or negotiations at any time for any reason or no reason), to reach or execute any agreement with any other person or entity, to refrain from engaging at any time in any business whatsoever, or to refrain from entering into or continuing any discussions, negotiations or agreements at any time with any third party. This LOI is not intended to impose any obligation or duty on the parties mentioned above, or any of their respective affiliates or representatives (including, without limitation, a duty of good faith, care, loyalty or other fiduciary duty). This paragraph supersedes all other conflicting language in this LOI and shall survive the expiration or withdrawal of this LOI.

Sincerely,

Koch Real Estate Investments, LLC

By: 
Name: Jake Francis

Title: President



HRV HOTEL PARTNERS



August 16, 2016

Richard Holland
Managing Partner
HRV Hotel Partners
3301 Windy Ridge Parkway, Suite 310
Atlanta, Georgia 30339

Re: Adams Street Hotel – St. Helena, California

Dear Richard,

Thank you for expressing an interest in our structured financing program for your project. After having reviewed the information provided us, Hall Structured Finance, Inc. or its designee (referred to herein interchangeably as "HSF or Hall") is pleased to be able to provide this application for a 1st mortgage construction loan (the "Loan") to an affiliate of HRV Hotel Partners (the "Sponsor"), a to-be-determined entity (the "Borrower") developing a 113 room full service hotel located at the intersection of Library Ln and Adams Street in St. Helena, California (the "Property").

This letter shall not constitute a commitment to provide money by HSF, but rather summarizes certain terms of the Loan, which, if applied for by the Sponsor by its execution of this letter, may be submitted to HSF's executive committee for review. Any approval of the Loan by HSF and its executive committee shall be in their sole and absolute discretion.

- Property:** A to-be-developed 113 room full service hotel located at the intersection of Library Ln and Adams Street in St. Helena, California (the "Property").
- Loan Amount:** The lesser of i) 60% of the "approved construction costs" (see section of this letter titled Estimated Sources and Uses of Proceeds Schedule), ii) \$52,500,000, or iii) 55% of the appraised value of the Property on an as completed basis (the "Loan" or the "Loan Amount"). The Loan shall be advanced in accordance with a "to-be" determined funding schedule.
- Collateral / Security Interest:** The Loan shall be secured by a first lien mortgage encumbering the Property, a security agreement and first priority security interests in the ownership interests of the Borrower, and to the extent any (or all) of the ownership interests of the Borrower are single asset or limited asset entities, a pledge of the ownership interests in such entities.

2323 Ross Avenue, Dallas, TX 75201
214-269-9500

www.hallstructuredfinance.com
214-269-9490 (fax)

Application Letter – Adams Street Hotel – St. Helena, California
Page 2

The Loan documents shall be prepared by HSF's counsel and all legal documentation will be subject to HSF's approval, so as to assure HSF the rights set forth herein. The Loan documents shall contain the final agreement between the parties and shall control in all instances in the event of a conflict in the terms of this Letter and the Loan documents.

- Equity Requirement:** As of Closing, the Sponsor shall have contributed cash equity capital contributions (net of any fees to affiliates) of not less than \$34,928,388 (the "Cash Equity") which shall have been used or will be used to fund approved land acquisition costs and construction costs prior to funding of the Loan.
- Loan Commitment Fee:** A "Commitment Fee" equal to 2.00% of the Loan Amount, shall be earned by HSF and paid at Closing.
- Loan Exit Fee:** An "Exit Fee" equal to 2.00% of the Loan Amount, shall be earned by HSF at Closing and paid to HSF upon full repayment of the Loan (whether such payoff comes on, before or after the Maturity Date).
- Interest Rate:** Interest on the Loan shall accrue at a rate of 30 Day LIBOR plus 8.75% per annum (the "Interest Rate" and "Interest").
- Monthly Debt Service Payments:** During the primary term debt service shall be due monthly (first day of each subsequent month) in an amount equal to Interest as accrued.
- Thereafter, during any extended term period, debt service shall be due monthly in an amount equal to Interest as accrued, together with principal amortization based on a 25 yr / 300 month term (reduced for each month in which debt service has been paid from the end of the primary term).
- Estimated Closing:** Within 60 days of execution of this letter (the "Closing" or "Closing Date").
- Term:** The Loan shall have a term which is three (3) years from the first day of the month following the Closing Date (the "Maturity Date").
- The Loan may be extended (the "Extended Loan Term") for two additional one year periods following the Maturity Date (the "Extended Maturity Dates") under the terms provided for herein, and provided that the Borrower has met the following "Extension Criteria":

2323 Ross Avenue, Dallas, TX 75201
214-269-9500

www.hallstructuredfinance.com
214-269-9490 (fax)

1. Written notice to HSF from Borrower, not less than 60 or more than 90 days prior to the Maturity date (or the 1st Extended Maturity Date as applicable) that the Loan is to be extended (the “**Extension Notice**”).
2. Each Extension Notice shall provide evidence that the Property is generating sufficient income to generate a debt service coverage ratio (“**DSCR**” as hereafter defined) equal to or exceeding 1.25x (the “**DSCR Extension Test**”). If the DSCR Extension Test does not meet or exceed a 1.25x coverage then Borrower will be required to contribute sufficient cash equal to the amount needed to pay-down HSF’s Loan balance to such amount that the coverage is satisfied (“**Extension Shortfall Contribution**”). The Extension Shortfall Contribution will be required on or before 60 days prior to the Maturity Date (or the 1st Extended Maturity Date if applicable).
3. The DSCR shall be calculated by taking the NOI (as hereafter defined) achieved by the Property during the twelve month period immediately prior to the submission of the Extension Notice including deduction for “Replacement Reserves” (as hereafter defined) and management fees, divided by the projected debt service payments on the Loan during the extended term, based on the than current Interest Rate at the time the DSCR calculation is submitted.
4. No Event of Default shall have occurred and be continuing under the Loan documents at the time an Extension Notice is submitted or anytime thereafter prior to the Maturity Date (or in the event of the second extension the first Extended Maturity Date).
5. Payment of an extension fee equal to 0.5% of the outstanding balance on the Loan payable upon submission of each Extension Notice.

NOI is defined as: for any period, the Gross Revenues during the applicable period minus Operating Expenses during such period.

Gross Revenues is defined: for any period, all revenues of Borrower, determined on a cash basis, derived from the ownership, operation, use, and occupancy of the Project during such period; provided, however, that in no event shall Gross Revenues include (i) any loan proceeds, (ii) proceeds or payments under insurance

policies (except proceeds of business interruption insurance); (iii) condemnation proceeds; (iv) capital contributions; (v) income from leases; or (vi) any other extraordinary items, in Lender’s reasonable discretion.

Operating Expenses is defined: for any period, the actual costs and expenses of owning, operating, managing, improving, repairing and maintaining the Project during such period incurred by Borrower, determined on a cash basis (except for real and personal property taxes and insurance premiums, which shall be determined on an accrual basis) (including a four percent (4%) management fee, and reserve deposits (as determined by Lender in its reasonable discretion)), excepting, however, (i) interest or principal due on the Loan and (ii) Capital Expenditures. All Operating Expenses shall be related to the Project, shall be for services from arm’s length third party transactions or equivalent to the same and shall exclude all expenses for debt service and depreciation and other similar non-cash items.

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**Estimated Source and Use
Of Proceeds Schedule:**

	Total	% of Cap Structure	Per Room (113)
Sources of Cash			
HSF Senior Loan	52,500,000	60.05%	464,602
"Borrower Equity"	34,928,388	39.95%	309,101
Total Sources of Cash	87,428,388	100.00%	773,703
Uses of Cash			
Hard Costs & FF&E			
Acquisition Cost	22,050,000	25.22%	195,133
FF&E	7,104,618	8.13%	62,873
Hard Construction Costs	30,193,358	34.53%	267,198
Total Hard Costs & FF&E	59,347,976	67.88%	525,203
Soft & Other Costs			
A&E	3,905,000	4.47%	34,558
Consultant/Legal Fees	750,000	0.86%	6,637
Permits/Utility Tap	3,122,584	3.57%	27,633
Signage/Landscaping/Site Work	2,800,000	3.20%	24,779
Developer Fee	905,801	1.04%	8,016
Property/Other Taxes	250,000	0.29%	2,212
OS&E	3,473,591	3.97%	30,740
Working Capital	1,850,000	2.12%	16,372
Other	50,000	0.06%	442
Contingency	4,558,436	5.21%	40,340
Total Soft & Other Costs	21,665,412	24.78%	191,729
Financing Costs			
HSF Origination Fee	1,050,000	1.20%	9,292
Mtg Broker Fee	525,000	0.60%	4,646
Interest Reserve	4,840,000	5.54%	42,832
Total Financing Costs	6,415,000	7.34%	56,770
Total Uses of Cash	87,428,388	100.00%	773,703

**General Contractor -
Guaranteed Maximum
Contract**

The development of the Property shall be done under a bonded guaranteed maximum contract from a general contractor acceptable to HSF.

**Construction /
Draw Requests:**

That portion of the Loan not funded at Closing shall be funded on a monthly basis based upon requests (the "Draw Requests") by the Sponsor to pay expenditures related to the construction of improvements on the Property pursuant to a construction budget approved by HSF prior to Closing consisting of 3rd party hard costs, FF&E, and soft costs (the "Approved Construction Budget")

HSF will engage a third party construction inspector who will monitor the construction and the related Draw Requests on behalf of HSF. The cost related to such Draw Request and 3rd party construction oversight services shall be paid for by the Sponsor. Such cost will be presented to Sponsor for approval prior to incurring same. Cost savings up to a to be determined amount from one line item in the Approved Construction Budget may be

transferred to another line item with the approval of HSF. Any change order from the Approved Construction Budget over a "to be" determined amount for a single item or aggregate change orders over a "to be" determined amount are to be pre-approved in writing by HSF.

Sponsor will provide "hard" bids from subcontractors reasonably acceptable to HSF and its construction consultant, evidencing that the construction of the Property can be completed within the Approved Construction Budget.

Each Draw Request shall contain a certificate from the managing member of the Sponsor (and other parties related to the management of the construction as may be required by HSF) which shall include the following:

1. Representation that all work completed to date has been completed substantially in accordance with the plans and specs.
2. Representation that all costs incurred to date as compared to the total costs under the Approved Construction Budget do not exceed the percentage of work completed, except for pre-ordered steel, lumber, or other lead-time items.
3. Representation that in the reasonable opinion of the certifying parties that the construction can be completed on time, and on budget.
4. No default shall have occurred and exists.
5. Lien waivers as may be reasonably required by HSF.
6. Copies of invoices supporting any draw request for soft costs.

HSF shall holdback as retainage an amount equal to 10% of any draw request relating to hard and /or soft costs. The retainage related to hard and / or soft costs shall be released upon final acceptance of each work item performed. HSF will entertain the release of retainage for completed work on a case by case basis. Such approval will be at HSF's sole discretion.

Prepayment Provision: The Loan may be prepaid in full at anytime with 30 days written notice.

Notwithstanding the above, a fee shall be due at the time of prepayment (the “**Prepayment Fee**”) if the date of prepayment is less than 18 months from the date the final certificate of occupancy is received and the Property has been accepted and is live on the hotel franchise reservation system (the “Final CO/Franchise Acceptance”).

The Prepayment Fee shall be calculated as noted immediately below.

- 1) Multiply the Loan Amount by the Interest Rate (applicable at the time of prepayment), and divide such amount by 360 (the “**Daily Amount**”).
- 2) Determine the number of days from the date of prepayment to that date which would be 18 months from the date of Final CO/Franchise Acceptance (the “**Prepayment Time Period**”).
- 3) Multiply the Daily Amount by the Prepayment Time Period, adjusted to reflect a monthly compounding factor.

Interest Reserve: An interest reserve will be set –up and funded as part of the Closing (the “**Interest Reserve**”). So long as no default occurs funds from the Interest Reserve may be drawn on monthly to cover the Sponsor’s interest payment obligation to HSF. The Interest Reserve may be “rebalanced” from time to time at the reasonable discretion of HSF based on the estimated average outstanding Loan balance from the date of such estimate thru the then projected completion date for the Property, multiplied by the then applicable Interest Rate (using the Libor rate at the time of such estimate). Sponsor, subject to HSF’s approval, will have the ability to adjust budgeted line items to address needs provided that amounts moved from one line item to another remain sufficient to complete each specific line item as initially approved.

Cash Management and Lockbox: At Closing, Sponsor shall enter into a lockbox agreement and establish a lockbox with a depository institution acceptable to HSF (the “**Lockbox Account**”). HSF shall have a pledge of such account, with the Sponsor being a designated beneficiary. Such Lockbox Account shall remain dormant until notice by HSF upon default by Sponsor.

Tax, Insurance, and Replacement Reserve Escrows (the Operating Escrows):

Upon completion of the project, the Sponsor shall be required to fund to HSF or otherwise escrow in a manner satisfactory to HSF on a monthly basis: i) tax escrow in an amount sufficient such that property taxes can be paid 30 days before they become delinquent; (ii) insurance escrow in an amount sufficient to pay annual insurance premiums 30 days before expiration of the current year’s policy; and (iii) “**Replacement Reserves**” as may be reasonably required by HSF. Replacement Reserves shall be 2% during the first 12 months of operations, 3% during the second 12 months of operations, and thereafter 4% of gross revenues. Notwithstanding the above, the amount of taxes and insurance for the 1st year of the Loan (construction period) must be prepaid by the Sponsor or properly accounted for in the approved budget at Closing.

Documentation and Requirements:

The Loan documents shall be acceptable to HSF’s counsel in its reasonable discretion and all legal matters, whether or not specifically referred to herein, shall be acceptable in all respects to such counsel in its reasonable discretion and shall be supported by such representations, warranties and opinions of counsel, and by such evidence, assurance or proof relating to legal matters as HSF and its counsel shall reasonably deem necessary or appropriate. Without limiting the foregoing for the purposes of due diligence prior to Closing, HSF and its counsel shall reasonably require the following items, each of which must be acceptable to them in their reasonable discretion: (i) property and liability insurance (including terrorism insurance as may be required by HSF); (ii) title insurance in an amount equal to the Loan Amount plus all potential accruals, UCC searches, and municipal violation searches; (iii) a current survey for the Property; (iv) licenses or authorizations necessary to operate the Property; (v) all management, operating, maintenance and other agreements affecting the Property; (vi) the availability of all utilities; (vii) all necessary corporate or partnership organizational documents, resolutions and consents; and (viii) financial statements of the Significant Parties.

Management Agreement:

The management agreement shall provide HSF a right to terminate the management agreement without penalty upon the occurrence of an Event of Default under the Loan documents which is not cured during the allowable cure periods. Management fees shall be subordinated to the payment of debt service due on the Loan.

Agreement With Affiliates:

All other agreements with affiliates of the Sponsor and/or payments to affiliates of the Sponsor or the management company shall be subject to the prior approval of HSF.

Completion Guaranty: The significant parties / key principals of the Borrower (including spouses and family trusts as may be applicable) (the “**Significant Parties**”) shall provide a full financial guaranty until the completion of the Property (the “**Completion Guaranty**”). The Completion Guaranty shall be styled as a full financial guaranty of the Loan which shall be released only upon the delivery of lien free completion of the Property, and a final Certificate of Occupancy on or before ___ months following the Closing Date (the “**Completion Date**”).

“Carve Out” Guaranty and Indemnity: Upon release of the Completion Guaranty described above, the Loan shall be non-recourse to the Borrower, its members, and the significant parties / key principals (including spouses and family trusts as may be applicable) (the “**Significant Parties**”), except the Loan shall be fully recourse to the Significant Parties (as may be acceptable to HSF in its sole and absolute discretion) as a result of certain events or actions by the Borrower, Significant Parties and/or their members or partners which are commonly referred to as “bad boy acts”, and which include but may not be limited to: i) the filing of voluntary or involuntary bankruptcy by or against the Borrower and / or the Significant Parties; ii) fraud (proven or alleged) or intentional or material misrepresentation by the Borrower or any Significant Party related to the Loan or Property; iii) misappropriation of insurance or other proceeds of the Borrower; iv) criminal acts by the Significant Parties resulting in the loss or forfeiture of all or any part of the Property or assets of the Borrower; v) sale, conveyance or further encumbrance of the Property or Borrower without the consent of HSF; vi) loss of franchise (if applicable); vii) non-payment of taxes and insurance associated with the Property / Loan, or the non-payment of other debts as they come due and payable that result in an encumbrance on the Property; and viii) payments or distributions to affiliates of the Borrower in violation of the Loan Documents (collectively, the “**Carve Out Guaranty**”). The Carve Out Guaranty will also include (1) an indemnity in favor of HSF for any loss or expense arising as a result of any false warranty or incomplete covenant, and (2) an assumption and indemnity by the Significant Parties in favor of HSF for all liabilities, costs and expenses related to the bad boy acts, including without limitation, pursuit costs, lawsuits, claims, demands or judgments.

The Significant Parties shall execute an environmental indemnity in favor of HSF in a form and substance acceptable to HSF.

No Additional Liens – Additional Financing: The Loan Documents shall prohibit any lien or security interests encumbering the Property without the prior written consent of HSF.

Further, the Loan Documents shall prohibit any liens or encumbrances on the Property or Sponsor without the prior written consent of HSF, except for any operating or capital leases that are less than or equal to \$25,000 per year.

Due Diligence and Related Costs: Funding of the Loan shall be conditioned upon HSF satisfactorily completing its underwriting and due diligence review with respect to the Significant Parties, the Sponsor, the Loan documentation, any other lease (if applicable), and the Property.

In conjunction with the execution of this letter, Sponsor and / or the Significant Parties shall be obligated to provide HSF a due diligence expense deposit of \$25,000 (receipt by HSF confirmed) as hereafter set out (the “**Due Diligence Deposit**”). The Due Diligence Deposit may be used by HSF for direct out of pocket due diligence costs it reasonably incurs in connection with its review and underwriting of the prospective Loan described herein, including but not limited to travel, and third party reports / consultants (which shall include, but may not be limited to environmental reports in compliance with the Small Business Liability Relief and Brownfields Revitalization Act amendments effective Nov. 1, 2006 and ASTM 1527-05 including testing for mold, a project analysis report provided from a construction consulting company, and an appraisal). HSF will attempt to utilize third party reports completed for the Sponsor that have been updated and can be relied upon by HSF (provided however no reliance will be accepted on reports which would be older than 6 months or more as of the anticipated Closing Date). That does not prohibit HSF from possibly needing to engage a third party for a due diligence report that HSF determines it will need as part of its due diligence.

Sponsor will notify HSF when it is authorized to undertake to begin documentation of this transaction; and Sponsor and / or the Significant Parties shall be obligated to provide HSF a legal expense deposit of \$25,000 (receipt by HSF confirmed) prior to HSF engaging legal representation as hereafter set out (the “**Legal Expense Deposit**”).

Notwithstanding anything herein to the contrary, the Sponsor shall pay all actual costs incurred in connection with the origination of the Loan including recording and transfer fees and taxes, intangible tax and/or mortgage recording tax, title charges, survey costs, and all other costs incurred for the documents and services described herein, whether or not a commitment is issued or whether or not the Loan is funded (the “**Additional Due Diligence Costs**”).

The Due Diligence Deposit and Legal Expense Deposit will be returned to Sponsor, less any paid or unpaid expenses incurred by HSF in connection therewith, in the event HSF does not approve this transaction or in the event there remains a balance at the time the Loan is funded. In the event the Sponsor elects to not proceed with the Loan for any reason, the Due Diligence Deposit and Legal Expense Deposit shall be forfeited to HSF.

Representation and Warranty:

The Significant Party(s) and Sponsor represent and warrant to HSF that all information submitted to HSF by Sponsor in order to induce HSF to issue this letter is true and correct to the best of its knowledge.

Brokerage or Placement Fees:

The Sponsor represents that it has dealt with no broker or finder in connection with the Loan. The Sponsor agrees to hold HSF harmless from any and all claims arising by, through or under Sponsor of brokerage commissions or finders fees due in connection with its application and the obtaining of the Loan contemplated hereby.

Reporting Requirements:

HSF shall receive monthly, quarterly and/or annual financial information as requested related to the Property, Sponsor, and Significant Parties. HSF may request such other information as it may reasonably require from time to time concerning the Property, the Sponsor, and Significant Parties.

Upon HSF's request, Sponsor shall provide annual financial statements which have been "reviewed" by an approved accounting firm, at Sponsor's expense and any time after the occurrence of an event of default, HSF may require financial statements to be audited, at no cost to HSF.

Bankruptcy Remote Structure:

The Property owning Borrower shall be deemed to be bankruptcy remote by HSF in its sole discretion, with provisions providing for an "Independent Director" satisfactory to HSF whose sole responsibility is to vote on matters concerning the filing of Chapter 11 or equivalent insolvency proceedings. Such entity shall be either a partnership with general partner that is either a single purpose corporation, a limited liability company, partnership, or a corporation that shall have as its sole business activity the ownership and operation of the Property. Such entity shall be precluded from incurring additional debt during the term of the Loan without the prior approval of HSF.

Governing Law:

The governing law(s) provided for in the Loan shall be at the sole and absolute discretion of HSF's counsel.

Transfer/Sale of Loan:

The Loan Documents shall provide that HSF have the right to split the Loan into different tranches or notes (which might include without limitation a first mortgage loan and second mortgage loan, an A note and a B note, or a first mortgage loan and a mezzanine loan secured by the membership interests in Borrower) and may sell or hypothecate all or any portion the Loan at any time without the Sponsor's approval. Further, Borrower and the Significant Parties shall agree to cooperate with HSF to the extent necessary with regard to any hypothecation or sale of all or any portion of Loan by HSF, so long as such sale or hypothecation does not effect the terms of the Loan to the Borrower in any material fashion.

Authorization to Proceed:

In conjunction with the closing schedule described herein, the Sponsor upon delivery of the Due Diligence Deposit hereby authorizes HSF to begin its due diligence work related to this project. In providing such authorization the Sponsor understands and acknowledges that: i) the Loan has not yet been approved and might not be approved; and ii) regardless of whether the Loan is approved, the Sponsor will pay for costs and expenses incurred by HSF as provided herein, including without limitation the Additional Due Diligence Costs.

Authorization to Do Background Checks:

The Sponsor and Significant Parties executing this letter hereby authorize HSF to obtain credit reports and other background (employment history; criminal and other) information in connection with their application herewith.

Exclusivity / Breakup Fee:

Neither the Sponsor, the Borrower, or any Significant Party, nor any affiliate thereof shall (a) negotiate with any person a transaction involving debt financing secured by the Property or secured by the ownership interests of the owner of the Property in lieu of the Loan (a "Competing Transaction"), (b) solicit any offers or indications of interest from any person concerning a Competing Transaction or (c) share any information with any person regarding their direct or indirect interests in the Property for the purpose of enabling such person to propose a Competing Transaction, in each case for a period terminating on the later of (i) sixty (60) days following execution of this letter (the "Initial Exclusivity Period"), or (ii) sixty (60) days following the tendering of the Legal Expense Deposit (the "Extended Exclusivity Period") (collectively the "Exclusivity Period").

Notwithstanding the foregoing, (i) HSF, the Borrower, the Sponsor, and each Significant Party agree that the Exclusivity Period shall be extended so long as one or more of the parties (or their consultants, representatives, or lawyers) are negotiating and communicating in

good faith the structure and the terms and conditions of the Loan, the Loan documents or alternative financing, and (ii) the Exclusivity Period shall terminate in the event that HSF notifies the Sponsor, Borrower or any Significant Party that HSF's executive committee has made a final determination not to approve the Loan.

HSF, the Borrower, the Sponsor, and each Significant Party agree that ascertaining with any certainty the amount of damages HSF would suffer as a result of a breach of the provisions provided herein during the Exclusivity Period would be extremely difficult and imprecise. Therefore, the parties agree to be bound that a reasonable estimation of the damages in the event Borrower, Sponsor, and/or any Significant Party breaches the exclusivity provisions of this agreement as follows: (i) an amount equal to Due Diligence Deposit and Legal Expense Deposit plus all costs incurred by HSF in excess of the Due Diligence Deposit and Legal Expense Deposit in connection with this agreement and the Loan contemplated hereunder, if any, plus attorney's fees, expenses and costs of suit incurred in enforcing this exclusivity provision, plus (ii) an amount equal to two percent (2.00%) of the dollar denominated Loan Amount provided herein. As partial payment for any amounts due under this provision HSF shall be entitled to retain the Due Diligence Deposit and the Legal Expense Deposit.

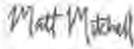
If the terms and conditions set out in this letter and the attachments are acceptable, please indicate your acceptance by executing this letter in the space provided below and returning the letter by September 2, 2016 and deliver by wire transfer (instruction outlined below) or check the Due Diligence Deposit of \$25,000.

We look forward to working with you on this transaction.

Very truly yours,



Michael Jaynes
President



Matt Mitchell
Vice President