

HRV HOTEL PARTNERS



Contents

1. Cover Letter

2. Respondent Team

HRV Hotel Partners (*Developer and Co-Sponsor*)

HKS Architects (*Designer*)

Geolo Capital (*Co-Sponsor and Investor*)

Koch Real Estate Investments (*Primary Investor*)

Hall Structured Finance (*Construction Lender*)

Commune Hotels + Resorts / Destination Hotels (*Resort Operator*)

3. Proposal

4. Proposed Development Plan

Project Description

Site Plan

Design Concept Sketches

Design Photo Images

5. City of St. Helena Economic Benefits Analysis

6. Plan for Full Funding of Project Costs

7. Team Member Qualifications

Corporate Profiles:

HRV Hotel Partners

HKS Architects

Geolo Capital

Commune Hotels + Resorts / Destination Hotels

Exhibits

Preliminary Development Program

Development Schedule

Respondent Project Entity Organizational Chart

Koch Equity Investments Letter of Intent

Hall Structured Finance Letter of Intent





August 19, 2016

Dear Noah:

City of St. Helena
1480 Main Street
St. Helena CA 94574
Attn: Noah Housh,
Planning & Community
Improvement Director

In accordance with the City of St. Helena RFP we are pleased to present our Proposal for the acquisition and development of the Main Street Property.

Our Respondent team is comprised of:

› HRV Hotel Partners	<i>Developer & Co-Sponsor</i>	(Richard Holland: 678.562.9510)
› Geolo Capital	<i>Co-Sponsor & Equity Investor</i>	(Jeff Reinstein: 415.694.5809)
› HKS Architects	<i>Architect and Interior Designer</i>	(Nunzio DeSantis: 214.969.3380)
› Koch Real Estate Investments	<i>Equity Investor</i>	(Jake Francis: 316.828.5994)
› HALL Structured Finance	<i>Construction Lender</i>	(Mike Jaynes: 214.269.9540)
› Commune Hotels + Resorts / Destination Hotels	<i>Resort Operator</i>	(Catie Mangels: 415.364.5434)

RE:
City of St. Helena
Request For Proposal

Development
Opportunity / Main
Street Property

Our Proposal is to develop the Property with an “urban-resort” boutique hotel that will contain approximately 60 guest rooms, a restaurant, bar, rooftop bar, a spa, a swimming pool, and courtyard fountain and garden areas. The hotel will be operated by Commune Hotels + Resorts / Destination Hotels under their Thompson Hotels portfolio which includes, among others: The Thompson Hotel Chicago; The Thompson Hotel Seattle; and The Cape – a Thompson Resort (Los Cabos Mexico), which was developed by HRV.

Due to the emphasis in the RFP on the financial qualifications of the Respondent, we have assembled our team to include members that will provide 100% of the financing needed to fund the acquisition of the Property and the completion of the proposed hotel. As you will note, the financial qualifications of the financing members of our team are substantial.

Our Proposal calls for acquiring the Property for \$5,000,000. Our analysis of the economic impact to the City from the proposed hotel shows that the City will gain approximately \$14,000,000 in direct economic impact over the first five years of the hotel operations. It is our opinion that this hotel will generate the highest and best economic impact for the City from this Property.

We are simultaneously submitting a Proposal for the Adams Street RFP. While our Proposal for this Property and our Proposal for the Adams Street Proposal are separate proposals, we think it works better for both parties that the City consider the synergies related to working with one Respondent for both sites.

We have endeavored to fulfill all of the Proposal requirements in the RFP, including detailed descriptions of each of the Respondent companies and their respective qualifications, the description of the proposed Project including preliminary detailed square footages of all Project building areas, the proposed site layout and architectural concept renderings, a detailed analysis of the economic benefits to accrue to the City from this Project, and our preliminary development timeline.

Our team embodies the development expertise and financial capability required to create this unique urban/resort-style hotel on this ideal site. We will plan and design this hotel to fit artfully and sensitively within the urban context of downtown St. Helena.

We look forward to receiving the City’s response to our Proposal, and we hope to have the opportunity to work with City to create this significant hospitality asset contribution to downtown St. Helena.

Sincerely,



Richard F. Holland
Managing Partner | HRV Hotel Partners

Encl: 10 bound copies of the Proposal, 1 electronic copy of the Proposal



Respondent Team

Collectively, the development team has the capacity and extensive experience in developing, owning and managing full service hotels.

HRV Hotel Partners, as the Developer and Co-Sponsor of the proposed project, will lead the respondent team (the “HRV Team”). The HRV Team is comprised of the following team members:

HRV HOTEL PARTNERS **Developer and Co-Sponsor**

HRV is a hotel and resort development company, based in Atlanta with offices in Chicago and Cabo San Lucas, Mexico. HRV was founded in 1996 (as Hardin Capital) and has successfully developed numerous resort, urban and university-oriented hotels. Richard Holland is the Co-Founder and Managing Partner of HRV. HRV has successfully developed urban and resort hotels including the following examples of urban-style resort hotels: The Cape – a Thompson Hotel (Los Cabos Mexico) which was awarded recognition on the Conde Nast Traveler Hot List of the World’s Best Beach Hotels 2015 and was featured on the cover of that issue; Renaissance Hotel Charleston Historic District (Charleston, SC); and Hotel Marlow – a Kimpton Hotel (Cambridge, MA).

HKS ARCHITECTS **Architect**

HKS is one of the largest architecture firms in the world. The HKS Hospitality Group designs hotels and resorts of all types in markets worldwide. The HKS Hospitality Group is led by Nunzio DeSantis. Mr. DeSantis, based in Dallas, will be the lead design architect for this hotel.

GEOLO CAPITAL **Co-Sponsor/Equity Investor**

Geolo will be the Co-Sponsor for the development of this hotel by providing equity investment capital for the project. Geolo, based in San Francisco, is the private equity investment arm of the John A. Pritzker family office. Geolo focuses its investment activities on three core areas: hospitality, real estate and consumer companies. Geolo currently has active investments in ten hotels with a total enterprise value of approximately \$1.5 billion. Geolo brings a wealth of experience in the ownership and administration of hotel assets, and will be involved in all major decisions with regard to the development and ownership of this hotel.





**COMMUNE HOTELS + RESORTS
& DESTINATION HOTELS**
Resort Operator

Commune and Destination recently merged in January of this year to form Commune Hotels + Resorts / Destination Hotels. Commune/Destination is jointly owned by Geolo Capital (San Francisco) and Lowe Enterprises (Los Angeles). Commune/Destination has 45+ years of independent and boutique hotel and resort management experience. The Commune/Destination portfolio currently includes 90+ hotels and resorts, including urban/lifestyle hotels such as: The Thompson Hotel Chicago; The Thompson Hotel Seattle; Hotel Vitale (San Francisco); The Epiphany Hotel (Palo Alto); and The Chicago Athletic Association Hotel.

KOCH REAL ESTATE INVESTMENTS
Equity Investor

Koch Real Estate Investments (KREI) is the real estate investment arm of Koch Industries, Inc. Koch Industries is second largest privately held company in the U.S. with over \$100 billion in annual revenue. Since 2010 KREI has invested over \$1 billion in real estate, and is now strategically expanding its investments in hospitality real estate.

(A letter from KREI expressing its interest in providing the subject equity investment is included in the Exhibits section to this document.)

HALL STRUCTURED FINANCE
Construction Lender

HALL Structured Finance (HSF), a subsidiary of HALL Group, was founded in 1995 by Craig Hall (Hall Wineries) as a platform to provide debt capital to high-quality commercial real estate projects throughout the U.S., with a strong focus on the hospitality industry. HSF originates loans for its own account, typically in the form of first-lien construction loans.

(A letter from HSF expressing its interest in providing the subject financing is included in the Exhibits section to this document.)





Proposal

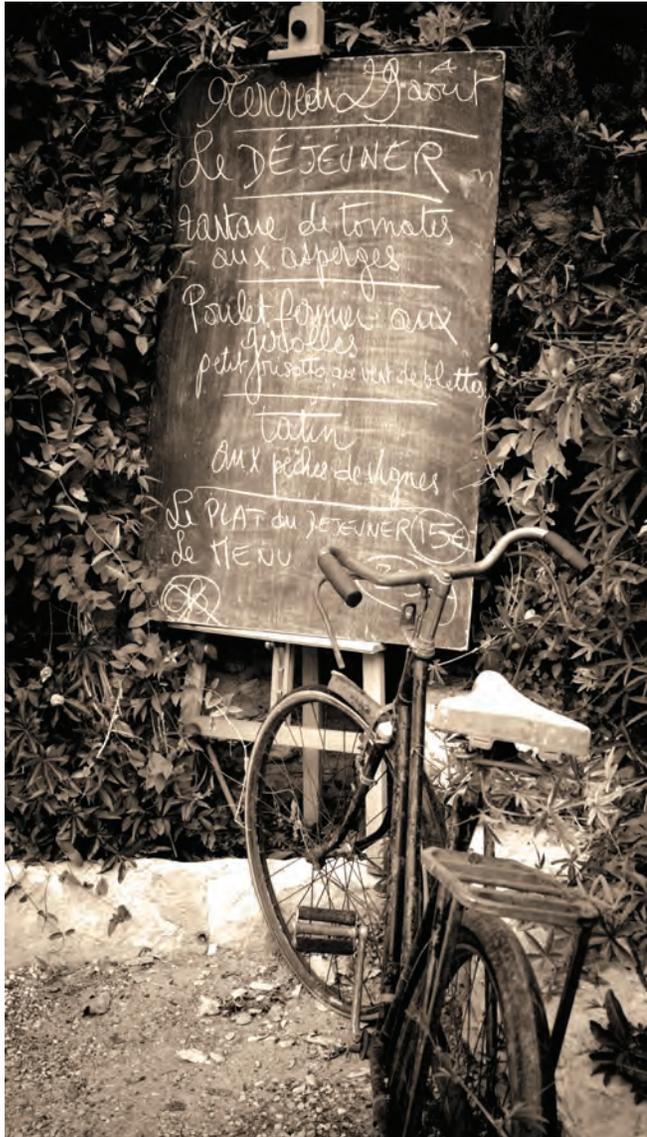
The HRV Team hereby proposes to the City to:

- › Acquire the 0.88-acre Main Street Property
- › Develop the Property with a “4-star” quality urban resort hotel and related amenities including restaurant, bar, rooftop bar, meeting rooms, spa and swimming pool. The hotel is currently proposed to contain 60 guest rooms. Refer to the Proposed Development Plan section of this document for the project description, site plan, rendering sketches and photo images related to the proposed design.
- › The existing City Hall will be replaced with a new building on the Teen Center Property. See the Proposal for the Adams Street Property related to the acquisition terms for the Teen Center Property.

PROPOSAL TERMS

The HRV Team proposes to purchase the fee-simple title to the 0.88-acre tract of land referred to as the Main Street Property, with the purchase price to be in the amount of FIVE MILLION DOLLARS (\$5,000,000.00). The purchase price will be paid in immediately available funds as of the date of the closing.





The conditions to closing will include:

- › Full execution of the Disposition and Development Agreement
- › Approval by the City of the Special Use Permit related to the herein Proposed Development Plan
- › Approval of the Environmental Impact Report related to the herein Proposed Development Plan

At the time of the full execution of the purchase and sale agreement, the HRV Team will make an Earnest Money Deposit in the amount of TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000.00). This Earnest Money Deposit will be non-refundable, except in the event of a default under the purchase and sale agreement by the City. The Earnest Money Deposit will be released to the City, instead of being held in escrow, so the City can use those funds to pay for the design of the new City Hall.

The closing of the purchase and sale agreement will occur within thirty (30) calendar days of the completion of the above-referenced conditions to closing.

NEW CITY HALL SITE

The HRV Team proposes that the City relocate the current City Hall to a new City Hall to be constructed on the Teen Center Property. If the City accepts both this Proposal and the HRV Team Proposal for the Adams Street Property, then in conjunction with the Proposal for the Adams Street Property, the HRV Team will acquire

the Teen Center Property from the City for TWO MILLION DOLLARS (\$2,000,000.00) and deed part of the Teen Center Property back to the City for the site of the new City Hall.

As soon as practicable upon the closing of the purchase of the Teen Center Property, the HRV Team will subdivide the property into two parcels in accordance with City's approval, and will deed one parcel to Our Town St. Helena for affordable housing development use, and the other parcel back to the City for use for the new City Hall. See the attached graphic to show the proposed subdivision.

In the event that the City accepts this Proposal but does not accept the HRV Team Adams Street Proposal, then the Teen Center Property acquisition would not be applicable to this Proposal.

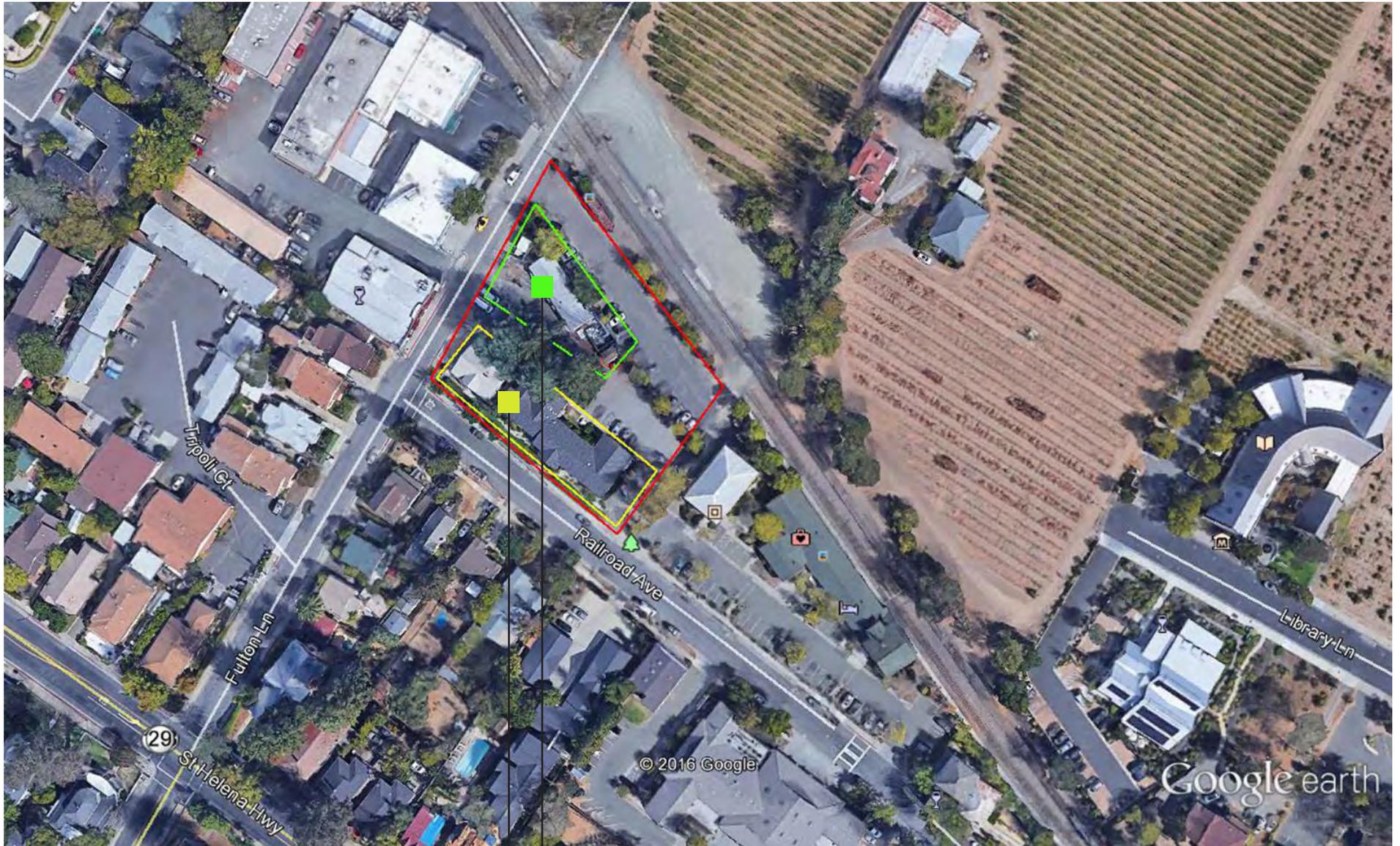
NEW CITY HALL CONSTRUCTION

It is projected that the Main Street Property closing will occur approximately one year prior to the City completing construction on the new City Hall. As such, the City will have the funds from the sale of the Main Street Property to allocate to the cost of the new City Hall construction.

INTERIM USE AGREEMENT

During the time period when the City is still occupying the current City Hall but after the HRV Team closes on the acquisition of the Main Street Property (i.e., waiting on the completion of the new City Hall), the City and the HRV Team will enter into an interim use agreement in accordance with terms to be negotiated.

HRV HOTEL PARTNERS



- City Hall Site
- Our Town St. Helena Site



Proposed Development Plan

PROJECT DESCRIPTION

While the HRV Team has not had the opportunity to fully engage site and market studies necessary to lead to the final plan and program for the project, the Proposed Development Plan reflects the HRV Team's collective experience with the planning, design and development of upscale hotels such as the subject project.

The hotel will be programmed and designed to fit within the culture of Napa Valley and St. Helena, and will reflect the urban, pedestrian-oriented context of the Main Street area. The plan will address the requirements of the City to relate the site to the adjoining Park, make the Main Street frontage of the hotel fit within the existing architectural and massing context, and provide for an off-street motor court and adequate onsite parking.

The program for the Proposed Development Plan includes approximately 57,000 square feet of total interior building area.

Preliminary Development Program Summary:

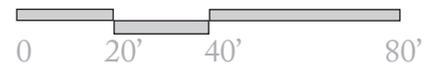
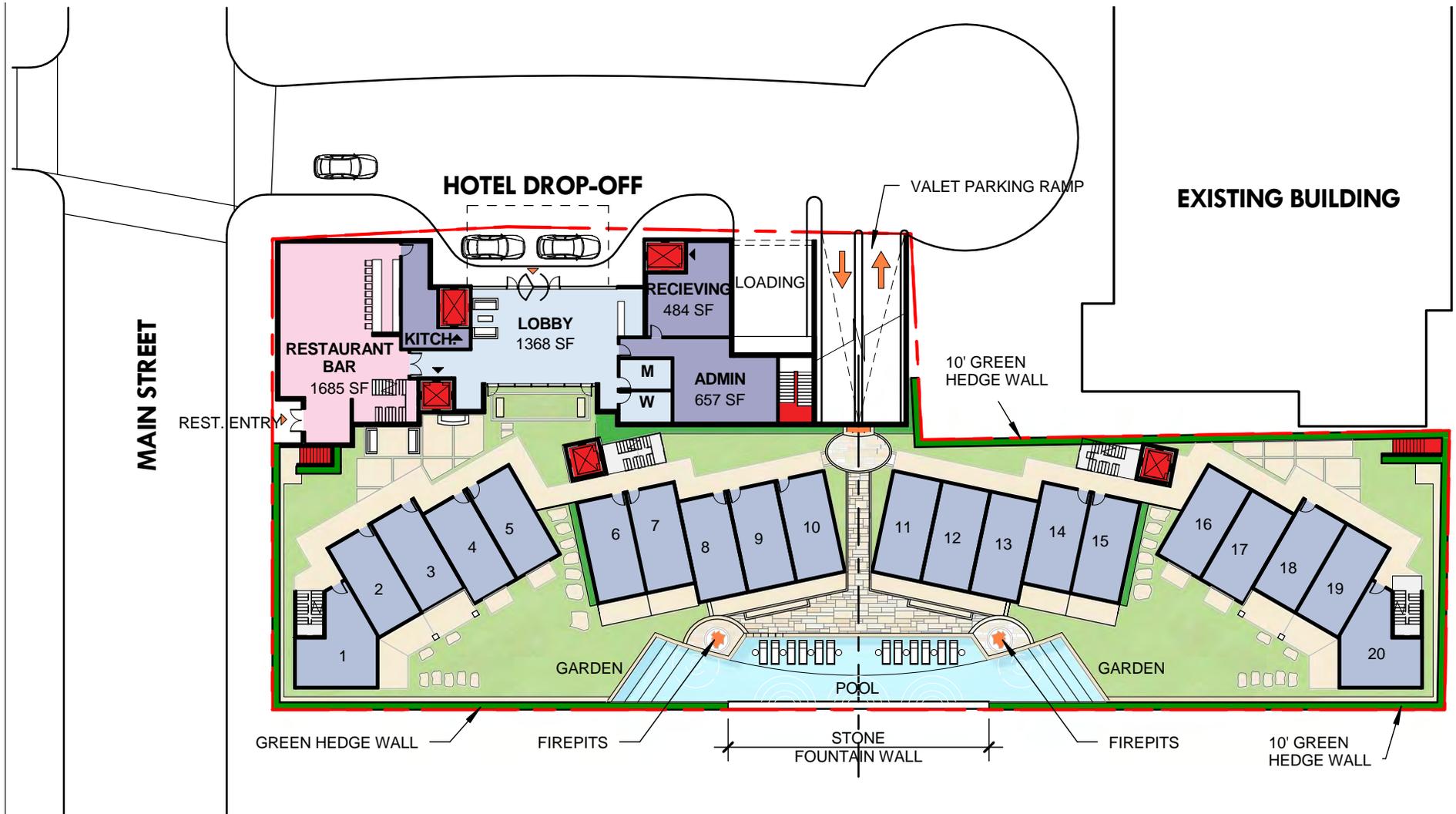
(see the detailed Preliminary Development Program in Exhibits)

- › 60 guest rooms
- › Lobby/Reception (2,268 SF)
- › Restaurant (2,736 SF)
- › Bar (1,294 SF)
- › Rooftop Bar (1,000 SF exterior area)
- › Meeting rooms (2,738 SF)
- › Spa (4,139 SF)
- › Fitness Studio (1,350 SF)
- › Outdoor swimming pool and fountains
- › Administrative office and back-of-house service areas (14,455 SF)



 LEVEL 01

Type	Area
20 Guestroom Modules	7,600 SF
Restaurant	1,685 SF
Lobby	1,400 SF

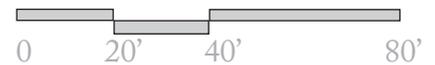


 **LEVEL 02**

Type	Area
20 Guestroom Modules	7,600 SF
Restaurant and Bar	1,000 SF
Kitchen	1,051 SF
Meeting Rooms	1,250 SF

HRV HOTEL PARTNERS

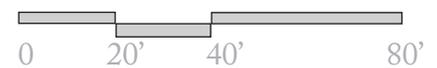
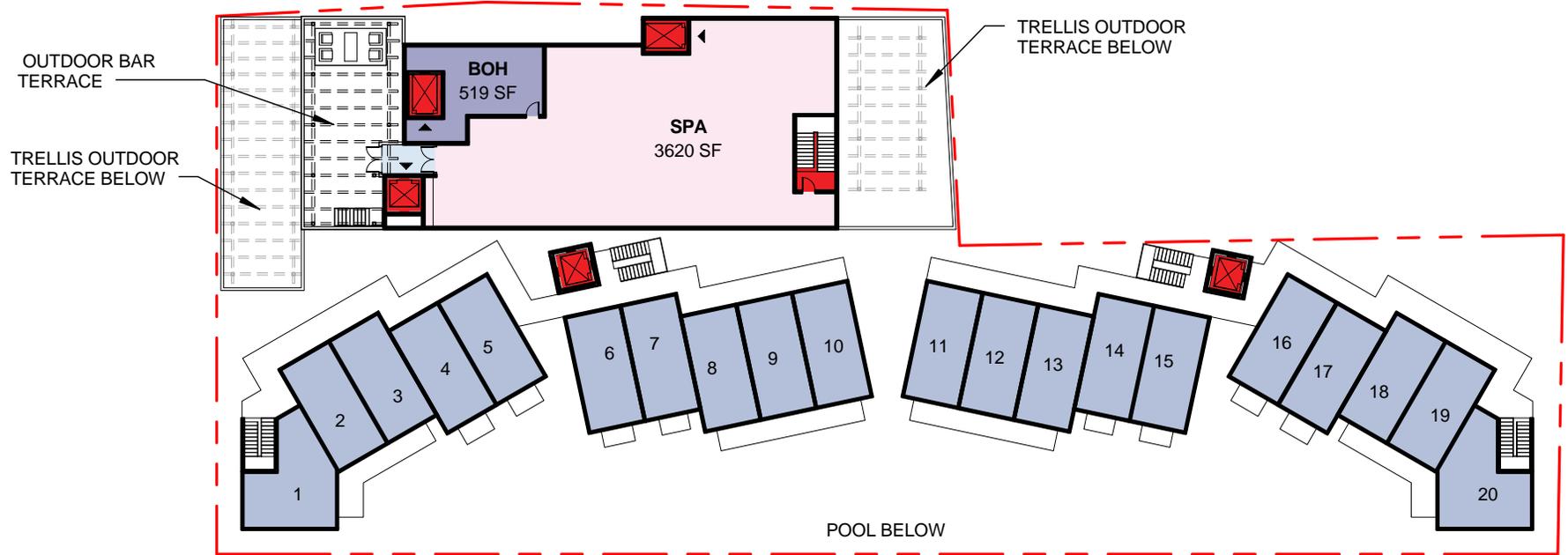
LEVEL 02 +12' - 0"



 LEVEL 03

Type	Area
20 Guestroom Modules	7,600 SF
Spa with outdoor Terrace	4,139 SF

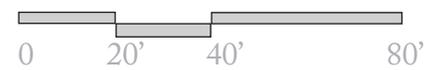
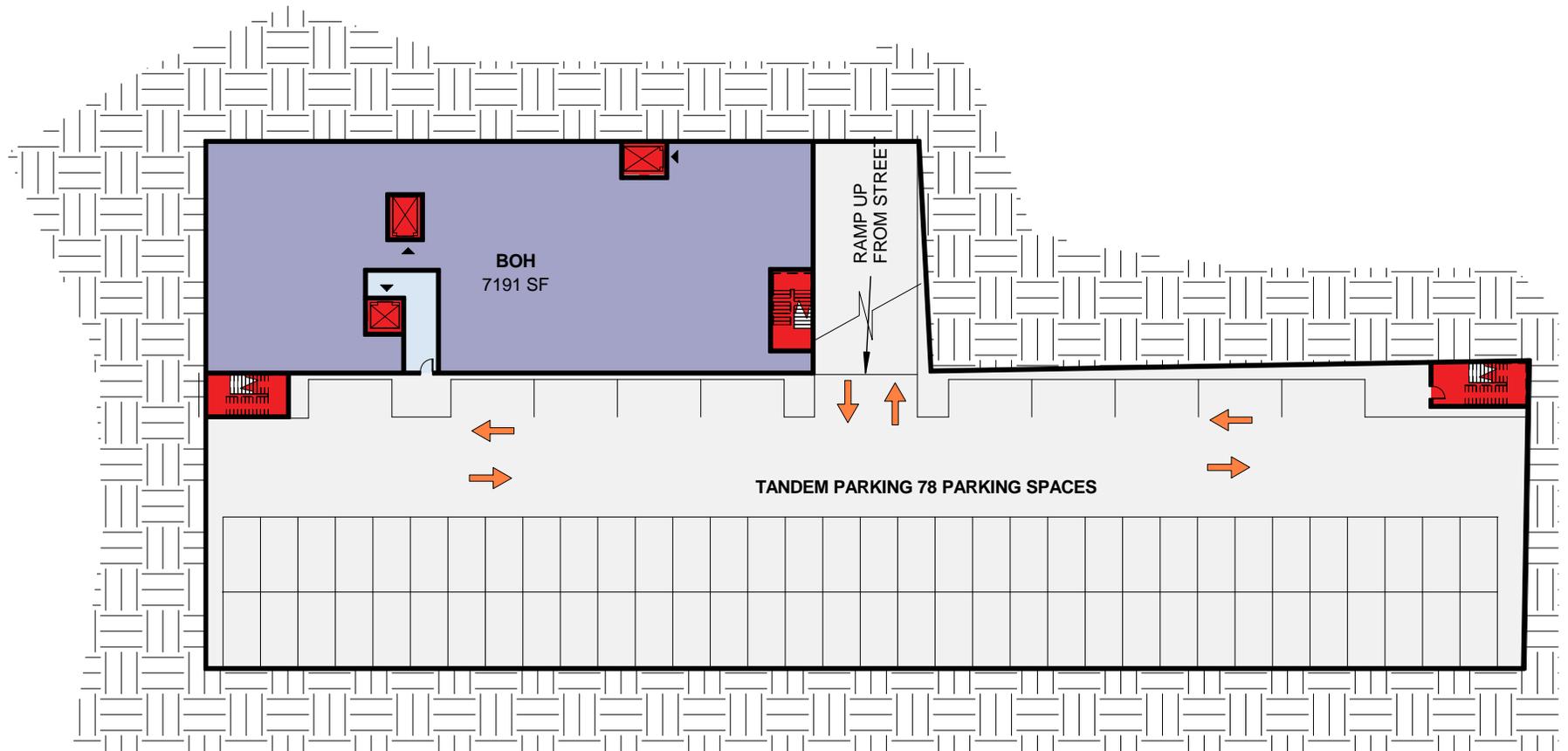
LEVEL 03 +22' - 0"



 **BELOW-GRADE PARKING**

Type	Area
78 Parking Spaces	23,400 SF

BELOW-GRADE PARKING



HRV HOTEL PARTNERS

MAIN STREET VIEW



HRV HOTEL PARTNERS

COURTYARD VIEW



HRV HOTEL PARTNERS



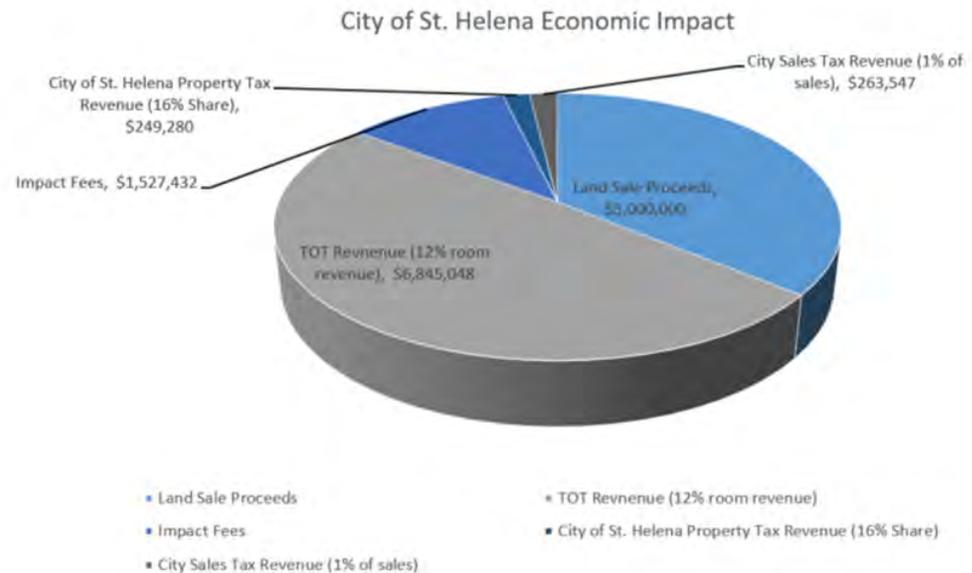




City of St. Helena Economics Benefits Analysis

The primary economic impacts of selling the Downtown Main Street site for use as a luxury hotel include Land Sale Proceeds, ongoing Transient Occupancy Tax (TOT) Revenues, Property Tax Revenue, Direct & Indirect Sales Tax Revenue and Impact Fees. The ultimate sale of the property for other potential uses including residential, multi-family or commercial will likely provide similar economic impacts for Land Sale Proceeds and Property Tax Revenue. However, utilizing the site for a luxury hotel provides substantial ongoing economic benefits to St. Helena’s by increasing the TOT revenue realized by the City. The projected overall impact is over \$13.85 million of additional Revenue to the City of St. Helena in the first 5 years of the hotels operations. Further, we project the TOT alone to be over \$1.5 million per year at stabilization.

ECONOMIC IMPACT - ST HELENA HOTEL (MAIN STREET)								
Tax/Revenue Source	2016/2017	2017/2018	2018/2019	2019/2020	2020/2022	2022/2023	2023/2024	Total
Land Sale Proceeds	5,000,000	-	-	-	-	-	-	\$ 5,000,000
TOT Revenue (12% room revenue)	-	-	1,116,900	1,270,967	1,393,164	1,501,969	1,562,048	\$ 6,845,048
Impact Fees	-	1,527,432	-	-	-	-	-	\$ 1,527,432
City of St. Helena Property Tax Revenue (16% Share)	-	-	42,240	50,560	51,680	52,160	52,640	\$ 249,280
City Sales Tax Revenue (1% of sales)	-	-	38,719	47,300	54,126	60,491	62,911	\$ 263,547
Total Tax Revenue to City of St. Helena	5,000,000	1,527,432	1,197,859	1,368,826	1,498,971	1,614,620	1,677,599	\$ 13,885,307



Currently, St. Helena substantially trails Yountville and Calistoga in General Fund revenues from Transient Occupancy Tax (TOT), while at the same time producing a significantly larger amount of Property Tax and Sales Tax than both Yountville and Calistoga.

St. Helena General Fund 2015/2016 Expected Revenue			Yountville General Fund 2015/2016 Expected Revenue			Calistoga General Fund 2015/2016 Expected Revenue		
Property Tax	\$ 3,250,387	32.5%	Property Tax	\$ 1,156,200	11.3%	Property Tax	\$ 1,879,597	19.7%
Sales Tax	\$ 2,800,418	28.0%	Sales Tax	\$ 1,120,000	10.9%	Sales Tax	\$ 932,422	9.8%
Transient Occupancy Tax (TOT)	\$ 1,863,950	18.6%	Transient Occupancy Tax (TOT)	\$ 6,500,000	63.4%	Transient Occupancy Tax (TOT)	\$ 5,311,540	55.7%
Business License Tax	\$ 149,200	1.5%	Business License Tax	Incl. in Other	N/A	Business License Tax	Incl. in Other	N/A
Motor Vehicle Tax	\$ 575,775	5.8%	Motor Vehicle Tax	Incl. in Other	N/A	Motor Vehicle Tax	Incl. in Other	N/A
Building & Planning Review	\$ 631,500	6.3%	Building & Planning Review	Incl. in Other	N/A	Building & Planning Review	Incl. in Other	N/A
Other	\$ 736,570	7.4%	Other	\$ 1,482,969	14.5%	Other	\$ 1,415,171	14.8%
Total General Fund Revenue	\$ 10,007,800	100.0%	Total General Fund Revenue	\$ 10,259,169	100.0%	Total General Fund Revenue	\$ 9,538,730	100.0%

While St. Helena, Yountville, and Calistoga all operate on similar annual General Fund revenues, a substantial difference exists in the source of the funds. Yountville and Calistoga receive approximately \$6.5 and \$5.3 million in TOT, respectively, versus only \$1.86 million received by the City of St. Helena. The difference highlights the potential

opportunity that exists for St. Helena in utilizing the Main Street site as a luxury hotel, to compete with other Napa luxury hotels currently achieving ADR's between \$500 - \$800. The views and location of the Main Street site provide the optimal setting for a hotel to compete with other luxury hotels like the Hotel Yountville, which achieves an

ADR of \$500+ in 2015, with strong occupancies. Our base case projections for the Main Street hotel show the anticipated economic impact for the additional revenue created from the hotel to the City of St. Helena.

Main Street Hotel - Economic Impact Model (Initial 5 Years)					
	2018/2019	2019/2020	2020/2022	2022/2023	2023/2024
Main Street Hotel					
Occupancy	68%	73%	76%	79%	79%
ADR	625	662.5	695.6	723.5	752.4
RevPar	425	483.6	528.7	571.5	594.4
Room Revenue	9,307,500	10,591,388	11,609,703	12,516,408	13,017,065
TOT Revenue (12% room revenue)	1,116,900	1,270,967	1,393,164	1,501,969	1,562,048
Projected Property Tax	264,000	316,000	323,000	326,000	329,000
City of St. Helena Property Tax Revenue (16% Share)	42,240	50,560	51,680	52,160	52,640
Other Revenue (F&B, Spa, & Other)	3,871,920	4,729,989	5,412,618	6,049,107	6,291,071
City Sales Tax Revenue (1% of sales)	38,719	47,300	54,126	60,491	62,911

HRV HOTEL PARTNERS



We project the incremental impact on the City of St. Helena's annual General Fund budget to be over \$1.5 million per year by year 5 of operation of the hotel, substantially increasing the resources

available to support the city in the near future and providing a recurring tax base to support City infrastructure and resources for future generations. The analysis excludes the incremental

increases in direct & indirect sales taxes and also excludes the addition of other new hotels in St. Helena.

City of St. Helena General Fund Revenue									
Growth Factor		2%	2%	2%	2%	2%	2%	2%	2%
	Budgeted	Projected	Projected						
St. Helena General Fund	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2022	2022/2023	2023/2024	
Property Tax	\$ 3,250,387	3,315,395	3,381,703	3,491,577	3,568,883	3,640,370	3,712,624	3,786,313	
Sales Tax and Sales Tax in Lieu	\$ 2,800,418	2,856,426	2,913,555	3,010,545	3,078,562	3,146,014	3,214,217	3,279,711	
Transient Occupancy Tax (TOT)	\$ 1,863,950	1,901,229	1,939,254	3,094,939	3,288,566	3,451,116	3,601,079	3,703,140	
Business License Tax	\$ 149,200	152,184	155,228	158,332	161,499	164,729	168,023	171,384	
Motor Vehicle Tax	\$ 575,775	587,291	599,036	611,017	623,237	635,702	648,416	661,384	
Building & Planning Review	\$ 631,500	644,130	657,013	670,153	683,556	697,227	711,172	725,395	
Other	\$ 736,570	751,301	766,327	781,654	797,287	813,233	829,497	846,087	
Total General Fund Revenue	\$ 10,007,800	\$ 10,207,956	\$ 10,412,115	\$ 11,818,217	\$ 12,201,591	\$ 12,548,390	\$ 12,885,028	\$ 13,173,415	

Other economic benefits not included in the analysis are impact fees, indirect sales tax revenue from increased visitors to the City and hotel staff

spending at local businesses. The impact fees include \$602,383 for Traffic Mitigation, \$225,450 for Affordable Housing, \$61,259 for Public Safety,

\$114,721 for Civil Improvements, \$359,530 for Water, \$51,333 for Sewer, and \$112,756 for Storm Drain.



Plan for Full Funding of Project Costs



HRV has arranged indications of interest for 100% of the debt and equity financing needed to fully fund the subject project. If the HRV Team is chosen as the successful respondent under the subject RFP, HRV and the financing sources referenced below will quickly move to convert these indications of interest to firm financing commitments.

The HRV plan currently assumes that the capitalized cost of the project will be approximately \$47.5 million. \$19 million, or 40%, of project cost will be funded with equity investments from Koch Real Estate, Geolo Capital and HRV. Approximately \$28.5 million, or 60%, of project cost will be funded from a construction loan provided by HALL Structured Finance.

The current equity financing plan assumes that Koch Real Estate Investments will fund approximately 75% of the total equity and Geolo and HRV, as co-sponsors, will fund approximately 25% of the total equity.

Letters of Interest from Koch and HALL, documenting their interest in providing the above referenced financing for the subject project, are included in the Exhibit section of this document.





Team Member Qualifications

Please find the Corporate Profiles of the following:

- › HRV Hotel Partners
- › HKS Architects
- › Geolo Capital
- › Commune/Destination Hotels & Resorts





HRV Hotel Partners

The image shows a modern hotel courtyard at dusk. In the foreground, a large, circular fire pit with several flames is surrounded by rocks and small plants. A paved walkway leads from the fire pit towards a covered outdoor seating area with palm trees. The courtyard is flanked by two-story buildings with balconies and large windows, some of which are illuminated from within. The sky is a deep blue, and the overall atmosphere is warm and inviting.

HRV HRV Hotel Partners



Renaissance Atlanta Midtown

Our Company

HRV Hotel Partners, LLC provides development and project management services to investors and owners of resort, commercial and university hotel projects in the U.S., Mexico, Canada and the Caribbean.

HRV is the successor entity to Hardin Capital, LLC, a successful, major hotel development company, which was founded in the mid-90's by Hardin Construction Company and Richard Holland, and later sold to an institutional investment company.

As of October 1, 2013 HRV acquired Advent pds, LLC. Advent was formerly a subsidiary of Hardin Construction Company, engaged in hospitality project management and is now a subsidiary of HRV.

Led by its partners, Richard Holland, Rod Radcliff, Tim Taylor, Lane Holland and Edgar Caballero, HRV offers the skills and resources of one of the most experienced hospitality development and project management teams in North America. These development professionals have worked together for many years to develop numerous successful hotel projects.

HRV's development and project management portfolio includes: 5-star mixed-use resorts; 4-star commercial, university and resort hotels; 3-star commercial hotels; and high-end resort residential.

Our Services

HRV provides full-scope hospitality Development and Project Management services for hotel, resort, and resort-residential projects across North America and the Caribbean.

Using a collaborative approach with all project stakeholders, HRV helps create highly marketable environments with lasting aesthetic, lifestyle and economic value.

The HRV team has the experience-based knowledge and performance-proven capability to manage all aspects of a project from design through construction, operator turnover and contractor closeout, including managing the flow and accuracy of communication and documentation between the owner, lender, design team, contractors, governmental authorities, consultants, and the operator.

HRV strives to add value at every level of the project process. Throughout the project, HRV drills down on organization, scope, cost, schedule, and constructibility, while maintaining the design integrity and operating efficiency of the product.

HRV's hospitality industry relationships allow it to assemble and manage the best and most project-appropriate design, engineering, construction, and specialty consultants for each project.

Development

HRV Development services typically include the Project Management scope listed below plus some or all of the following scope:

- Financial feasibility analysis, including financial modeling
- Project equity and debt financing
- Design and engineering team selection
- Strategic positioning, including assistance with brand/operator selection and negotiation
- Project and venture level accounting, cash flow forecasting and financial reporting

Project Management

HRV Project Management services typically include the following scope:

- Design program consultation and analysis
- Construction feasibility analysis, including parametric construction cost estimating
- Pre-development management, including infrastructure analysis, permitting and utility applications
- Design and engineering consultant selection and management, including contract negotiation and management
- Project management systems, including budget and schedule production and control and project status reporting
- Project cost accounting
- Contractor and consultant payment application review and recommendation
- Lender and equity investor draw funding request documentation
- FF&E and OS&E purchasing agent selection and management
- Operator interface, including technical services, pre-opening, and operator turnover
- Punch list and project close-out management and administration

Our Experience



Our Portfolio – Commercial Hotels



Urban Lifestyle Hotel Tampa / Ybor City, Florida

A 180-room urban lifestyle hotel located in the culturally-vibrant Ybor City neighborhood. Amenities include: an indoor/outdoor restaurant, coffee bar, lounge, rooftop bar, and 16,129 square feet of meeting and event space including a 5,133 SF ballroom and a 1,911 SF junior ballroom in two historic buildings.

Scope – Co-Development
Type – Historic Renovation and New Construction
Status – Under Development



W Hotel Atlanta Downtown Atlanta, Georgia

237-room hotel with 76 condos. Amenities include a full service restaurant, specialty lounge, a 4,000 SF spa, 12,000 SF ballroom, and meeting rooms.

Scope – Project Management
Type – New Construction
Status – Completed 2009



Renaissance Atlanta Midtown Atlanta, Georgia

21 level, 304-room hotel. Included 5 levels of parking. Amenities include a full service restaurant and bar, 9,500 SF ballroom, meeting rooms, and fitness center.

Scope – Project Management
Type – New Construction
Status – Completed 2009

Hyatt Regency Riverwalk San Antonio, Texas

15 level, 632-room hotel located on the Riverwalk. Amenities include a full-service restaurant and bar, 40,000 SF of meeting space, spa, retail, and a rooftop fitness center with swimming pool. Scope included guest room and public area renovation over two phases.

Scope – Project Management
Type – Renovation
Status – Completed in 2005 and 2011



Hilton Garden Inn Portfolio Various locations

Hardin Capital worked with Hilton Hotels to create the Hilton Garden Inn brand prototype design and developed 10 of the first Hilton Garden Inns in Atlanta (2), Albany (NY), Orlando, Denver, Chicago (3), Raleigh, and Colorado Springs

Scope – Development
Type – New Construction
Status – Completed 1997-2004



Hilton Garden Inn Chicago, Illinois

First urban HGI. 13 story hotel above a 10 level parking structure. 357 rooms, one block from Magnificent Mile in the Chicago River North mixed-use development. Amenities include a hotel restaurant, 3,000 SF meeting space, and a fitness center and indoor swimming pool. Also included a lease restaurant.

Scope – Development
Type – New Construction
Status – Completed 1999



Our Portfolio – Commercial Hotels



Renaissance Historic District Charleston, South Carolina

166-room hotel located in the historic district of Charleston. Amenities include restaurant and bar, meeting space and boardroom, fitness center and outdoor swimming pool.

Scope – Development
Type – New Construction
Status – Completed 2000



Westin Birmingham Birmingham, Alabama

294-room hotel. Amenities include a restaurant and bar, 9,500 SF of meeting space. The first Silver LEED hotel in Alabama.

Scope – Project Management
Type – New Construction
Status – Completed 2012



Hyatt Regency Atlanta Atlanta, Georgia

22 story hotel with 1,260 rooms in downtown Atlanta. Scope included new pedestrian bridge and complete renovation of atrium and public areas.

Scope – Project Management
Type – Renovation
Status – Completed 2011

Hotel Marlowe Cambridge, Massachusetts

First Kimpton Hotel on East Coast. 236-room, 8 story located adjacent to MIT. Amenities include a full restaurant and bar, meeting rooms, and fitness center.

Scope – Development
Type – New Construction
Status – Completed 2003



Hotel Adagio San Francisco, California

170-room Joie de Vivre hotel, with restaurant and bar, meeting rooms, and fitness center.

Scope – Development
Type – Renovation & Reposition
Status – Completed 2003



Our Portfolio – Resorts



Bishop's Lodge

Santa Fe, New Mexico

Renovation and new construction redevelopment of a 1920's era resort into a 133-key 5-star luxury resort, with a spa, two restaurants, bar, conferencing & events center, fitness studio, horse stables and trout-habitat ponds and streams for flyfishing.

Scope – Development

Type – Renovation and New Construction

Status – Under Development



The Resort at Pedregal

Cabo San Lucas, Mexico

5-star resort with 66 rooms, 32 fractional ownership villas, and 20 full-ownership villas. Amenities include 3 pools, a spa, 2 restaurants, a beach club, a bar, meeting/function rooms, and a boutique.

Scope – Development

Type – New Construction

Status – Completed 2009



The Cape, a Thompson Hotel

Cabo San Lucas, Mexico

4-star resort with 115 rooms, 31 residential condos. Amenities include: 2 restaurants, 3 bars (including a rooftop bar), 2 pools, spa, and 3,000 SF of meeting/function space.

Scope – Co-Development

Type – New Construction

Status – Completed and Opened July 2015

Cachet Cabo

Cabo San Lucas, Mexico

New Cachet Deluxe tower includes approximately 29,000 square meters of enclosed area. The hotel building contains approximately 204 guestrooms, with two main restaurants, lobby and lobby lounge, specialty bar, rooftop bar, meeting room, board room, spa and fitness, pool amenities and back-of-house.

Scope – Project Management

Type – Renovation and New Construction

Status – Under Development



Key West Collection

Key West, Florida

Major renovation of four existing motels into a Hilton Garden Inn, Fairfield Inn & Suites, 24North, and an independent boutique hotel, The Gates. In total, the project includes 519 rooms, refurbished resort pools, new public areas, and renovated BOH throughout.

Scope – Project & Construction Management

Type – Renovation

Status – Completed 2016



One & Only Mandarin

Puerta Vallarta, Mexico

A 75-Key luxury hotel that is part of the Mandarin master development. The hotel will include an 8,000 SF spa, three pool environments, and three restaurants.

Scope – Project Management

Type – New Construction

Status – Under Development



Our Portfolio – Resorts



Eau Palm Beach Resort & Spa Palm Beach, Florida

Addition of a 41,000 SF “Eau Spa”, including a private exterior courtyard, wet lounges, 19 treatment rooms, locker rooms, men’s and women’s lounge rooms, and retail.

Scope – Project Management
Type – New Construction (Addition)
Status – Completed 2008



Tuckers Point Resort and Club Tuckers Point, Bermuda

5-star resort with 101 rooms, spa, townhomes, private homes, private estate homes, fractional-ownership residence club, golf course, golf clubhouse, tennis club and beach club.

Scope – Project Management
Type – New Construction
Status – Completed 2009

Hyatt Place Waikiki Honolulu, Hawaii

A full-scope renovation, including major structural work of a 426-room hotel. Amenities include 4,500 SF of meeting space, a restaurant, fitness center, and resort pool.

Scope – Project Management
Type – Renovation
Status – Completed 2012



Four Seasons Punta Mita Punta Mita, Mexico

New additions of two 15,000 SF suites, 24-room building, river pool, new pool complex, and restaurant. (a project of Tim Taylor while at Strategic Hotels & Resorts)

Scope – Project Management
Type – New Construction & Renovation
Status – Completed 2007



The Resort at Pedregal

(Formerly Capella Pedregal)

Cabo San Lucas, Mexico

5-star resort with 66 rooms, 32 fractional-ownership villas, and 20 full-ownership villas. Amenities include 3 pools, a spa, 2 restaurants, a beach club, a bar, meeting/function rooms, and a retail boutique.

Scope – Development

Type – New Construction

Status – Completed 2009





The Resort at Pedregal Spa



El Farallon Restaurant

Recognition for The Resort at Pedregal

(Formerly Capella Pedregal)

AAA

Five-Diamond Award 2013, 2014 and 2015

Travel+Leisure

- #1 "Mexico Hotels and Resorts" 2014
- #15 "World's Top 100 Hotels" 2014
- #11 "World's Best Beach Hotels" 2013
- #41 "World's Top 100 Hotels" 2013
- #1 Hotel Spa in Mexico 2012



Conde Nast Traveler

- Gold List "World's Best Beach Hotels" 2014
- #1 Top Spa in Mexico/Central America 2012

TripAdvisor Travelers' Choice Awards

- "Top Luxury Hotels" #1 Cabo; #2 Mexico 2014
- "Top Hotels for Romance" #1 Mexico 2014
- #2 in the World "10 Hotels with Incredible Views" 2013
- #8 in the World "World's Greatest Hotel Spas" 2013

Bishops Lodge

Santa Fe, New Mexico

Renovation and new construction redevelopment of a 1920's era resort into a 133-key 5-star luxury resort, with a spa, two restaurants, bar, conferencing & events center, fitness studio, horse stables and trout-habitat ponds and streams for flyfishing.

Scope – Development

Type – Renovation and New Construction

Status – Under Development





Flyfishing at Bishop's Lodge



The Kiva

The Cape, a Thompson Hotel

Cabo San Lucas, Mexico

4-star resort with 115 rooms, 31 residential condos.
Amenities include: 2 restaurants, 3 bars (including a rooftop bar), 2 pools, spa, and 3,000 SF of meeting/function space.

Scope – Co-Development

Type – New Construction

Status – Completed and Opened July 2015



Conde Nast Traveler

Hot List "World's Best Beach Hotels" 2015





Guest Room



Rooftop Lounge

Our Portfolio – University Hotels



Nashville Marriott at Vanderbilt University

Nashville, Tennessee

307-room hotel with 9,000 SF of meeting/function space. Located on the campus of Vanderbilt University.

Scope – Development
Type – New Construction
Status – Completed 2001



Hotel Marlowe

Cambridge, Massachusetts

236-room Kimpton hotel located on the Charles River adjacent to the MIT campus. Amenities include 8,700 SF of meeting space and 170-seat signature restaurant.

Scope – Development
Type – New Construction
Status – Completed 2003



Hilton University of Florida Conference Center

Gainesville, Florida

248-room hotel with 15,000 SF of conference/function space. Located on the campus of the University of Florida.

Scope – Development
Type – New Construction
Status – Completed 2000



Our Leadership



Richard Holland

Managing Partner

Richard has over 30 years experience in leading the development of hotels and resorts in the U.S., Mexico and the Caribbean. Richard founded HRV Hotel Partners, LLC in 2003 as a platform to pursue the development of resorts, urban lifestyle hotels and university hotels. Prior to HRV, Richard was a co-founder and President of Hardin Capital, LLC from 1995 to 2002. Under his leadership the company grew from startup to a leading national developer, developing hotels and resorts under the flags of most of the leading U.S. hotel brands, including development of 10 of the first Hilton Garden Inn hotels as Hilton's strategic partner in the launch of that brand. His extensive experience and proven vision have led to the successful completion of more than 30 hotel and resort projects totaling over \$1 billion in capitalized cost.

Rod Radcliff

Partner / Managing Project Director

Rod has more than 35 years experience in design, construction and project management of hotels and restaurants. He joined Hardin Construction in 1994, moved to Hardin Capital in 1996. Rod's experience in hotels covers all regions of the United States, the Caribbean, Mexico, as well as Asia.



Tim Taylor

*Partner / Senior Project Director
(Chicago office)*

Tim has more than 27 years in the hospitality and construction industries. Tim previously worked for Strategic Hotels & Resorts as well as Hyatt Corporation. Tim has worked extensively with many of the major hotel brands including Hyatt, Four Seasons, Hilton, and Marriott.



Edgar Caballero

*Partner / Senior Project Director
(Mexico office)*

Edgar has worked on over 20 high-end resort or residential projects in Mexico and the Caribbean. Edgar runs the HRV Mexico offices. His multi-cultural and technical expertise adds exceptional value to the development of high-quality hotels and resorts. Edgar has worked in construction and project management positions on such significant Mexico resort projects as Capella Pedregal, One & Only Palmilla, Las Ventanas al Paraiso (a Rosewood Resort) and Rosewood San Miquel de Allende.



Lane Holland

Partner / Senior Development Director

Lane has 9 years of intensive hotel project management and development experience. He led the development management team on the Capella Pedregal resort (Cabo San Lucas) and led The Cape, a Thompson Hotel. Additionally, he led the residential development for the Aspen Valley Ranch property in Aspen, Colorado. Lane also served as Project Manager with Omni Hotels & Resorts in 2011 and 2012.



Contact Us



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Email:
info@hrvhotelpartners.com



The Resort at Pedregal, Cabo San Lucas, Mexico (Formerly Capella Pedregal)



HKS Architects



HKS | HOSPITALITY GROUP



“HKS approaches projects without a preconceived, stereotypical design solution. In the ultra-luxury market, fresh ideas are vital to set the stage for an innovative, revitalizing environment for guests. This thinking was key when designing Las Ventanas Al Paraiso in Cabo San Lucas, Mexico. Typically, the industry tells travelers what to enjoy. Las Ventanas responds to the travelers’ wants and desires. The project, the most publicized in the industry, truly surprised people. It has and continues to redefine luxury resorts. We have worked with HKS for 10 years now. Each year, we continue to blaze a trail of design excellence. We work with individuals that know our business and know us. As a matter of fact, they can practically finish my sentences.”

HAL THANNISCH, PRESIDENT
THANNISCH DEVELOPMENT
SERVICES, INC.



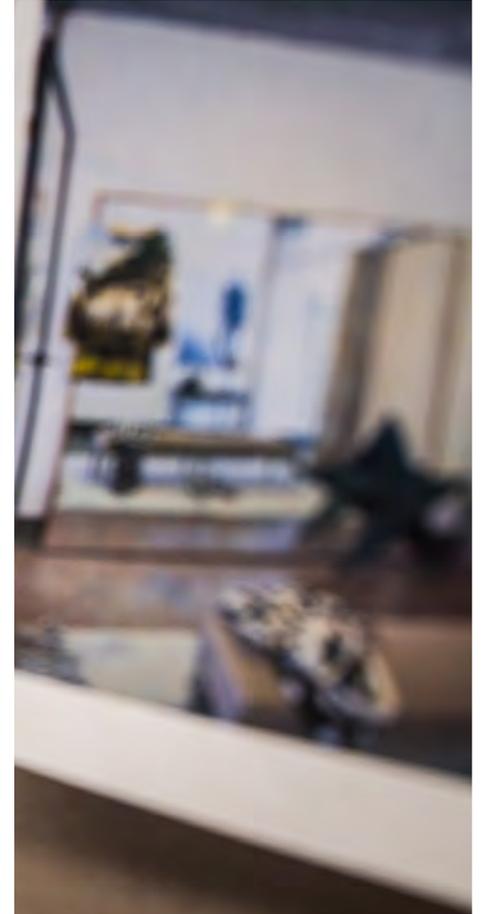
HKS Hospitality Group

Over the past two decades, the HKS Hospitality Group has designed projects in 45 countries, garnering numerous awards and coverage in national and international publications.

From arrival to departure, HKS Hospitality Group is known for hotel architecture and design that anticipates the guest's every need and desire, engaging the senses and creating an impeccable ambience for work, play and escape. We strive to craft environments that lift the guest, enhancing relaxation, adventure, celebration and invention – special places where guests long to return and love to recommend.

HKS Hospitality Group projects are frequently featured in travel and lifestyle media worldwide and are enduring favorites on “Best Hotel” guest-ranked lists and online reviews. Our studio and firm are recipients of numerous awards, achieving national and international distinction for providing a full range of architectural services.

And while it's great to focus on the end result, we're also keenly dedicated to our process and how our clients experience working with us. It's one of the reasons we've had the honor to work time and again with many of the same leading, recognized brand hospitality owners, operators and developers for decades.



Our Practice

HKS specializes in the design of hotels, luxurious destination resorts and spas, urban high-rise and mixed-use projects, entertainment, gaming and convention hotels, boutique properties and golf clubhouses. Our work spans the world's most desirable beaches, mountains, deserts, waterfronts and cities. HKS' designs are always carefully planned to respect both the local architectural character and natural site features.

Beach Resorts

- Mukul un Paraiso Secreto, Guacalito, Nicaragua
- Secrets Akumal, Akumal, Mexico
- Four Seasons Resort Hualalai at Historic Ka'upulehu, Hawaii
- Four Seasons Sharm El-Sheikh, Egypt
- Montage Laguna Beach, Laguna Beach, California
- Las Ventanas al Paraiso, Los Cabos, Mexico
- Grand Solmar Land's End, Cabo San Lucas, Mexico
- Tucker's Point, Hamilton Parish, Bermuda

Mountain and Desert Getaways

- Cedar Creek Spa at Big Cedar Lodge, Ridgedale, Missouri
- The Ritz-Carlton Bachelor Gulch, Avon, Colorado

- Montage Deer Valley, Park City, Utah
- Four Seasons Scottsdale at Troon North, Scottsdale, Arizona
- JW Marriott Hill Country Resort and Spa, San Antonio, Texas
- The Ritz-Carlton Dove Mountain, Tucson, Arizona
- Four Seasons Jackson Hole, Jackson Hole, Wyoming

Urban and Entertainment Hotels

- JW Marriott Convention Center Hotel, Austin, Texas
- MGM National Harbor, National Harbor, Maryland
- Omni Nashville Hotel, Nashville, Tennessee
- The Grand Venetian Macau, Macau, China
- W Dallas Victory Hotel and Residences, Dallas, Texas
- Montage Beverly Hills, Beverly Hills, California
- The Palazzo, Las Vegas, Nevada
- Four Seasons Resort at Walt Disney World Orlando, Florida

Our Process

Creating successful and profitable destinations that are also memorable, lift the spirit and create a true sense of place is the cornerstone of our design philosophy. We approach each project with enthusiasm, creativity, teamwork and a common-sense, pragmatic approach; a

successful project is one in which the design resonates for guests as well as the people who work there. We are committed to sustainable design practices – environmentally conscious architecture benefits our clients, community and planet. An increasing number of our hotel projects are LEED-certified and a majority of our designers are LEED accredited.

An experienced team is selected for each project to ensure completion on time and within budget. HKS offers clients the high-touch, personalized service of a boutique firm, with the resources and multi-disciplinary expertise of one of the largest architectural firms in the country. Beyond traditional architectural services, HKS provides state-of-the-art programming analysis and design standards assistance to hotel developers, owners and operators.

Our process begins with a design charrette – an active, fluid give-and-take dialogue between all project stakeholders and the design team. As this process unfolds, we identify your overall needs and translate them into a design response that establishes the building as an inspiring and integral part of the business at hand. We realize the relationship between

the built and natural environments is unique to each site and situation.

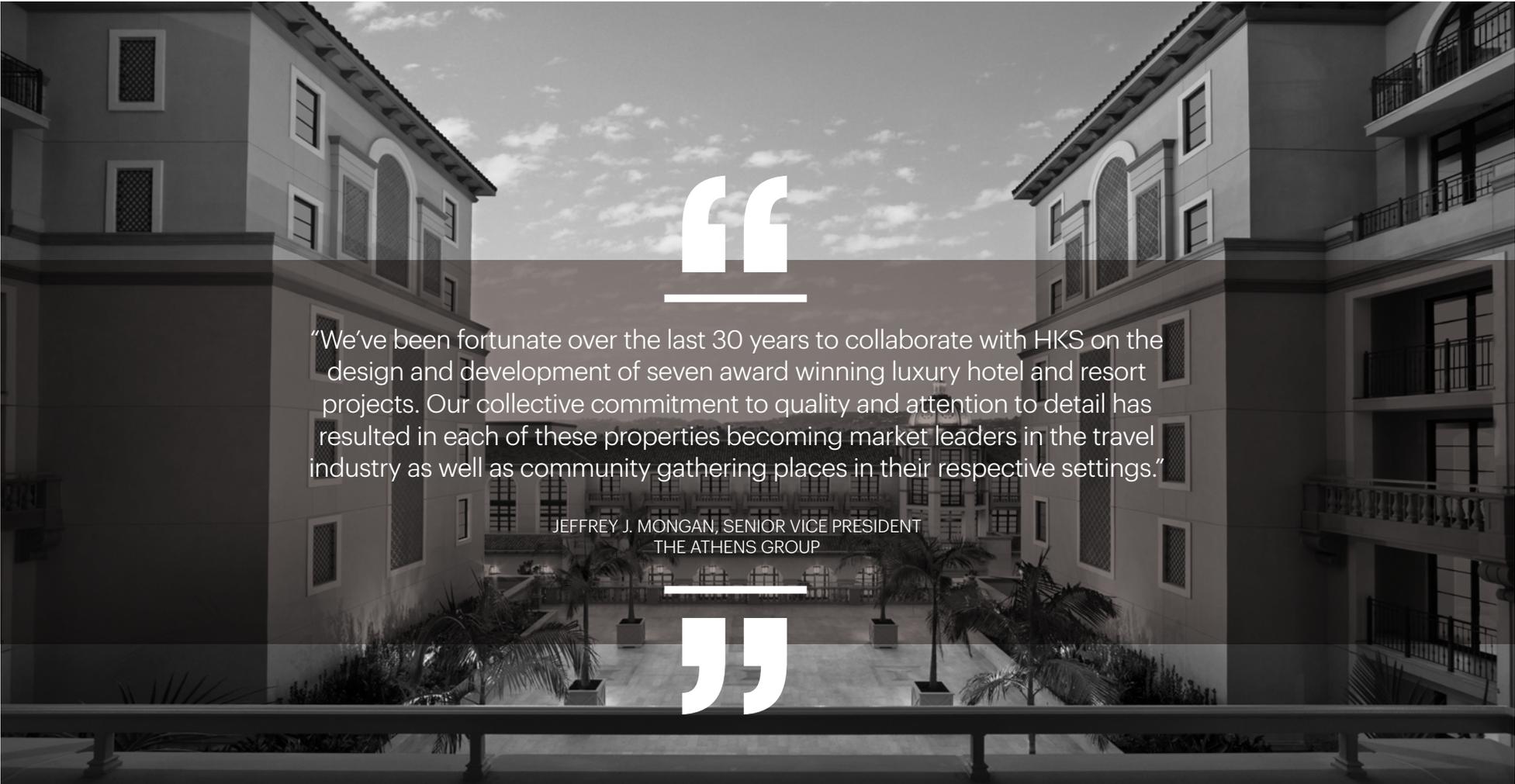
We offer a collaborative, integrated project delivery model that is focused on sustainability, value and quality.

Project management, honed through decades of experience, is our strong suit. Our project management process includes design-quality management reviews and consultant coordination, budget management, monthly reporting, design scheduling and design-fee cash flow forecasting and trending. Our technical expertise and construction administration background contribute to streamlined, on-time, within-budget results.

Firm Background

For 77 years, HKS has nurtured a culture that reveres both invention and client focus. The top-six architectural firm operates from 24 offices worldwide.

Our firm's experience includes hospitality, commercial, convention center, healthcare, sports, aviation, governmental, educational, interiors, urban design, science and technology, retail and industrial projects located in 1,742 cities throughout 88 countries.



“

“We’ve been fortunate over the last 30 years to collaborate with HKS on the design and development of seven award winning luxury hotel and resort projects. Our collective commitment to quality and attention to detail has resulted in each of these properties becoming market leaders in the travel industry as well as community gathering places in their respective settings.”

JEFFREY J. MONGAN, SENIOR VICE PRESIDENT
THE ATHENS GROUP

”

HKS Hospitality Group is the top ranking hospitality design firm (based on hotel construction starts 2011 to 2014) in *Architectural Record*





> Our Markets

Advisory Practice
Arts & Entertainment
Aviation
Convention Centers
Corporate/Office
Education
Government
Healthcare
Hospitality
Interiors
Mixed-Use
Residential
Science & Technology
Sports
Urban Design

HKS IS A GLOBAL FIRM.

**WE HAVE OFFICES
STRATEGICALLY
LOCATED AROUND THE
WORLD TO OFFER THE
BEST INTELLECTUAL
CAPITAL AND
RESOURCES FOR YOUR
PROJECT.**

70

**OVER 70 PERCENT OF
OUR WORK IS REPEAT
WORK REPRESENTING
USER SATISFACTION**

> Our Offices

Abu Dhabi
Atlanta
Chicago
Dallas (HQ)
Denver
Detroit
Fort Worth
Houston
London

Los Angeles
Mexico City
Miami
New Delhi
New York City
Orlando
Phoenix
Richmond
Sao Paulo

Salt Lake City
San Diego
San Francisco
Shanghai
Singapore
Tampa
Washington, D.C.



NUNZIO DESANTIS

FAIA, LEED AP | EXECUTIVE VICE PRESIDENT

Nunzio is involved in the marketing, design and overall project delivery of hotels, resorts and commercial related projects. His approach to architecture is based on 33 years of experience and an understanding of the requirements related to developing truly unique and memorable environments in accordance with clients' goals, budgets and schedules. Nunzio's approach to each project challenges designers, consultants and owners to establish early concepts, which determine a project's individuality, style and attitude.



ZACK LAMP

ASSOCIATE

Zack has experience in a wide range of architectural disciplines, including conceptual design, master planning, schematic design and the interface of design development with construction documents. He specializes in the design of commercial and corporate office, hospitality, residential, retail and mixed-use urban and entertainment projects. Zack has contributed to HKS' international design portfolio by participating in a number of design competitions and projects including Convention Center and Hotel in Amador, Panama, Lenovo Science and Technology City in Daqing City, Heilongjiang, China and Waterfront development in Xiamen, China.



MELISSA VOELKER

AIA, LEED AP BD+C | VICE PRESIDENT

Melissa has spent over 10 years providing high quality design for luxury resorts and hotels worldwide. During this time, her focus has ranged from initial conceptual design and continues through to final completion. With experience in mountain resorts, luxury urban hotels, unique-destination resorts and boutique hotels, Melissa understands the intricacies that come with developing a final product that meets the clients needs yet surpasses their expectations. She understands that as an Architect, designer and ultimately a visionary - it is her job to make the invisible visible.



PEYTON BOTH

VICE PRESIDENT

Since joining HKS, Peyton has specialized in the design of hospitality, commercial office and mixed-use projects in various parts the world. She has experience in a wide range of architectural disciplines, including master planning, conceptual design, schematic design and the interface of design development.



MICHAEL LUNGREN

VICE PRESIDENT

For 32 years Michael has built a career upon his ability to synthesize and communicate abstract architectural concepts. His architectural background, combined with a critical eye and skill in watercolor rendering, allow Michael to visualize each client's architectural intent and transform it into a mood-provoking artistic representation. He is involved in the early conceptual design of many HKS projects and is responsible for client presentations and illustrations for publication.



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

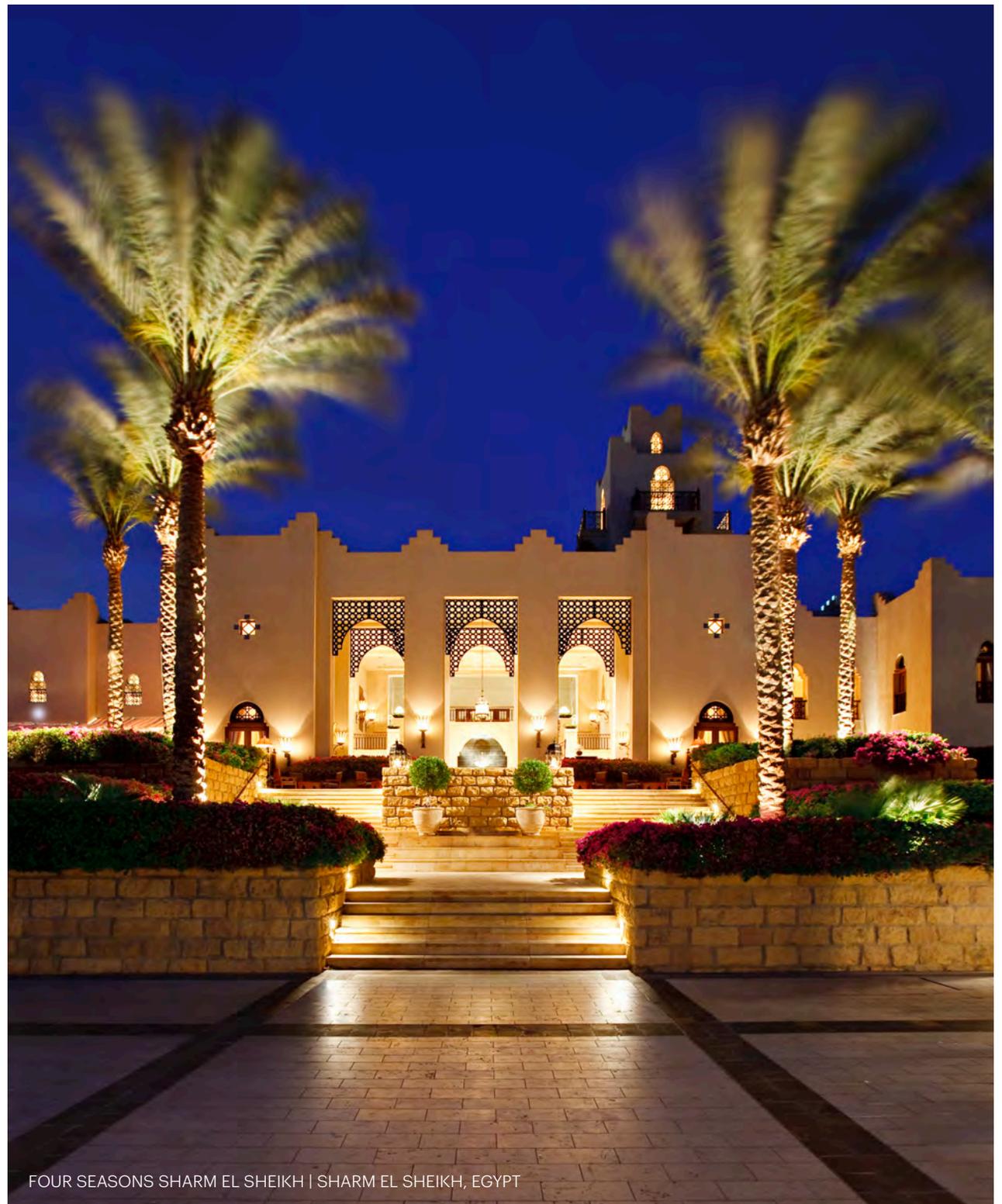


ONE&ONLY OCEAN CLUB | PARADISE ISLAND, BAHAMAS



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



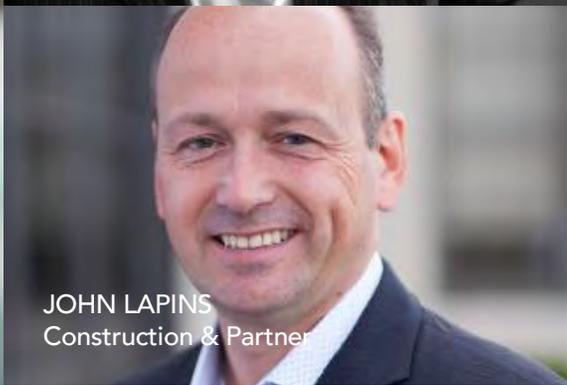
JOHN PRITZKER
Founding Partner & Director



OMAR PALACIOS
Chief Operating Officer, Chief Financial
Officer, & Partner



TOM GOTTLIEB
Managing General Partner



JOHN LAPINS
Construction & Partner



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



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

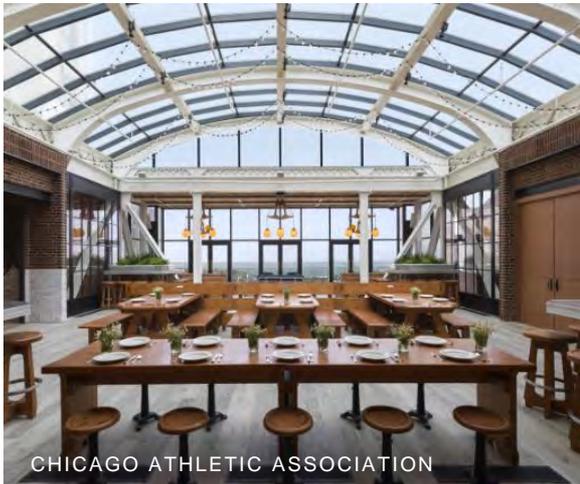
COMPETITIVE ADVANTAGES



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

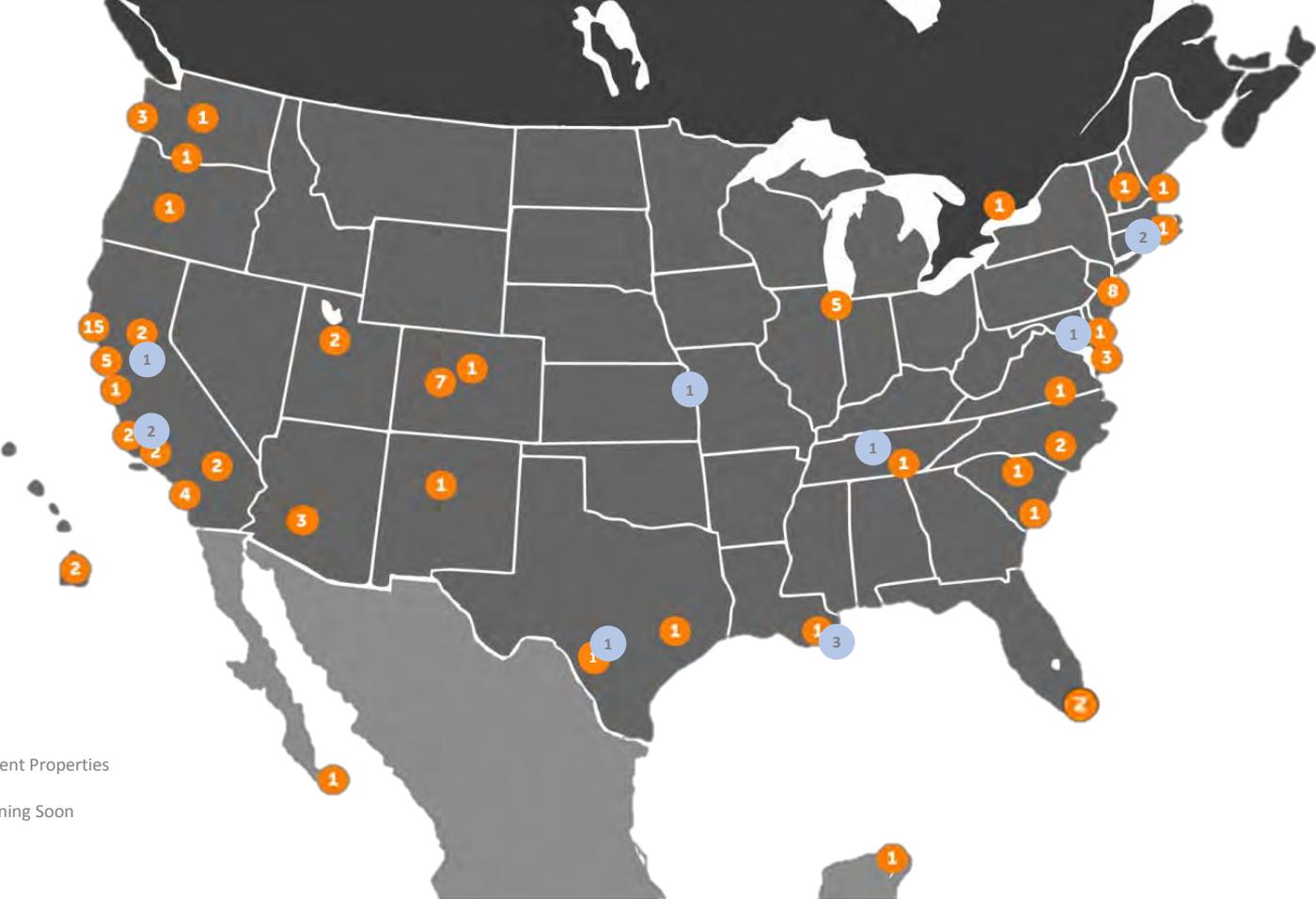


tommie

Micro-lifestyle hotels designed for the millennial-minded traveler

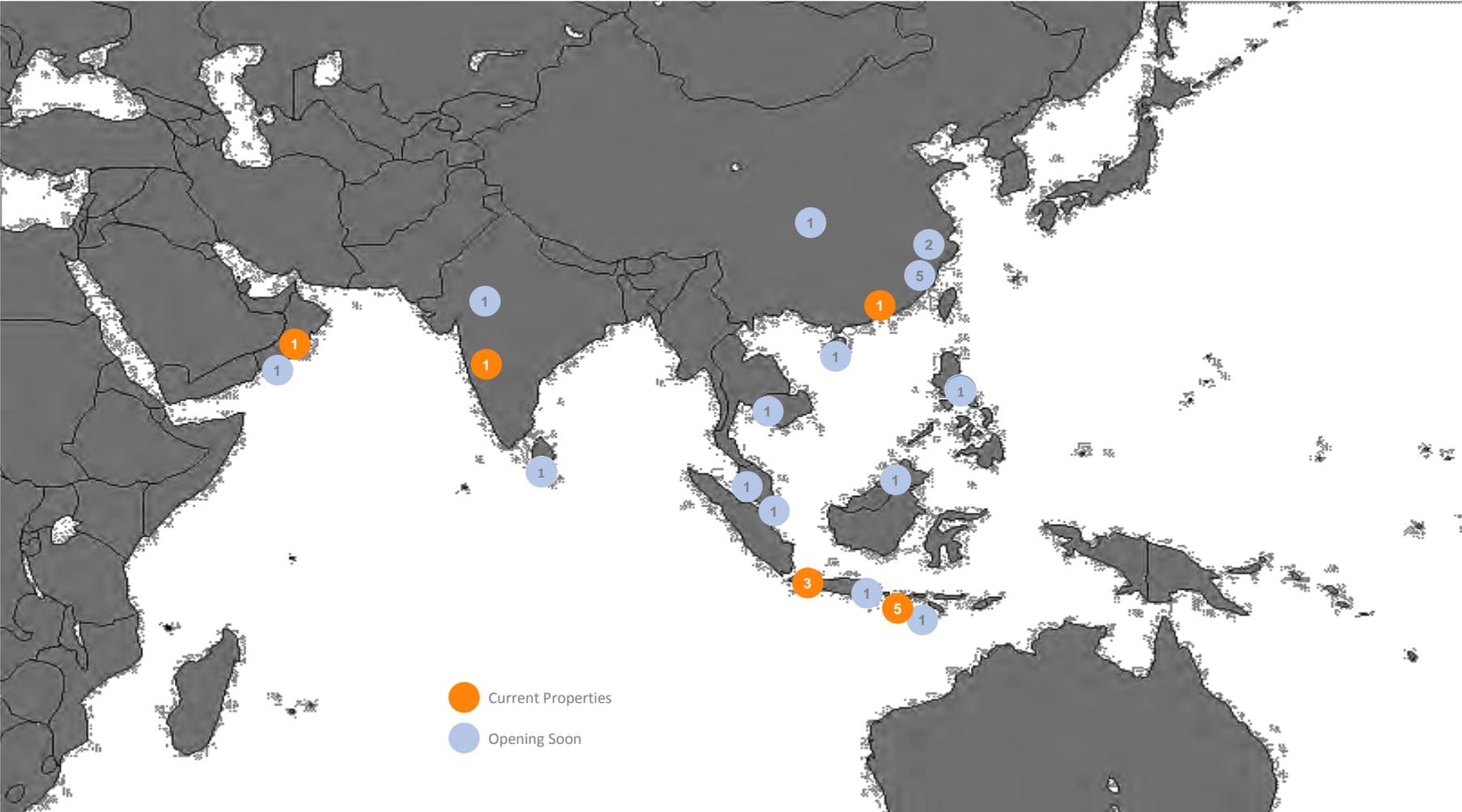


NORTH AMERICAN PORTFOLIO



- 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.



Alila

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HOTELS

joie de vivre
HOTELS & RESORTS

THOMPSON HOTELS

tommie

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.



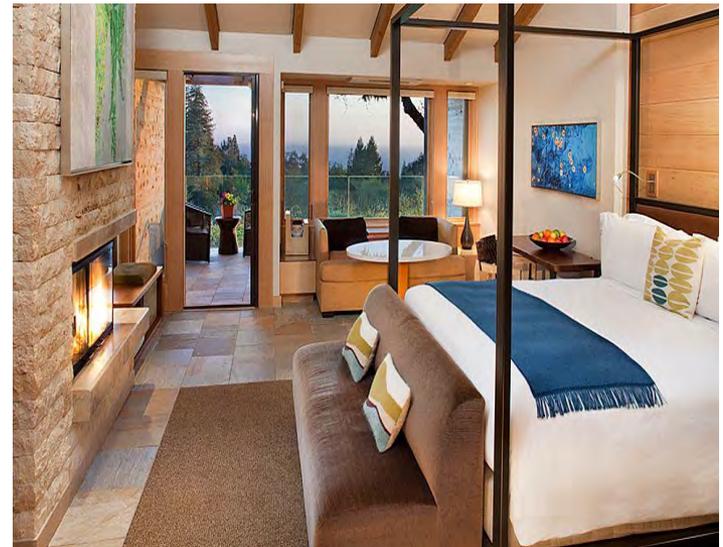
Location: Big Sur, CA

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



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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	14,975	250	26%
Exterior	5,100	85	
Guestrooms			
Interior	27,760	463	49%
Exterior	11,611	194	
Administration & Back-of-House	14,455	241	25%
TOTAL SF INTERIOR	57,190	953	100%
TOTAL SF EXTERIOR	16,711	279	

GUESTROOM SUMMARY

	Modules Per Key	Total Modules	Keys	%	Kings	DQ	1 Bdr Suites	3 & 4 Bdr Suites
Typical Guestroom	1.00	54	54	90%	43	11		
End Suites	1.50	6	6	10%	6	0		
TOTAL GUEST ROOMS		60	60	100.00%	49	11	0	0

PROGRAM DETAILS

A. PUBLIC AREAS		
1. ENTRY, REGISTRATION & LOBBY		SF
a. Porte Cochere (Exterior)		0
b. Reception		200
c. Living Room/Lounge		1,068
d. Concierge		100
e. Bag/Bellman		100
f. Public Circulation		400
g. Restrooms		400
SubTotal		2,268
2. FOOD & BEVERAGE	Seats	SF
a. Restaurant	97	2,436
b. Private Dining	12	300
c. Bar/Lounge	43	1,294
d. Restrooms		400
e. Cafe		0
f. Host Area/Circulation		50
g. Exterior Terrace	33	1,000
SubTotal		5,480
3. FUNCTION SPACE		SF
a. Ballroom		0
b. Meeting Rooms		1,238
c. Boardroom		0
d. Prefunction		400
e. Business Center		0
f. Check-in/Registration/Coat Room		0
g. Restrooms (Ballroom)		0
h. Entry Lobby		0
i. Exterior Terrace		1,000
j. Circulation & Miscellaneous		1,100
SubTotal		3,738

4. SPA	SF
a. Lobby/Reception	100
b. Retail	100
c. Office/BOH	519
d. Treatment Rooms - 8 each/360 sf	2,880
e. Locker Rooms	540
f. Exterior Circulation	0
SubTotal	4,139

5. INTERIOR AMENITIES	SF
a. Fitness Studio	1,000
b. Restrooms	200
c. Circulation & Miscellaneous	150
SubTotal	1,350

6. EXTERIOR AMENITIES	SF
a. Pools	600
b. Pool Decks	2,000
c. Circulation & Miscellaneous	500
SubTotal	3,100

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

PUBLIC AREAS TOTAL	20,075
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HRV HOTEL PARTNERS

Guestrooms - Interior Space				
GUESTROOM MODULES	Keys	Modules	SF/Module	Total SF
a1. King 13.5' X 30' = 412 SF	43	43	405	17,145
a2. Double Queen 13.5' X 30' = 412 SF	11	11	405	4,455
a3. End Suite	6	6	450	2,700
b. Guestroom Corridors				Exterior
c. Guest Elevators				600
d. Service Elevators & Service Core				600
e. Exit Stairs				1,440
f. Mechanical/Electrical				150
g. Housekeeping/Linen				150
h. Miscellaneous Service				250
Guestrooms - Interior Space Total				27,760

Guestrooms - Exterior Space				
GUESTROOM MODULES		QTy	SF/Each	Total SF
a1. King				
	Balconies	29	70	2,030
	Terraces	14	100	1,400
a2. Double Queen				
	Balconies	7	70	490
	Terraces	4	100	400
a3. End Suites				
	Balconies	4	70	280
	Terraces	2	100	200
b. Guestroom Corridors				6,811
c. Exterior Circulation				0
Guestrooms - Exterior Space Total				11,611

C. ADMINISTRATION & BACK-OF-HOUSE	
1. GENERAL ADMINISTRATIVE	SF
a. Luggage Storage	100
b. Front Desk Administrative	100
c. Accounting Administrative	150
d. General Administrative	200
e. Executive Offices	250
f. Circulation	500
SubTotal	1,300

2. FOOD & BEVERAGE PREPARATION & STORAGE	SF
a. Kitchen	1,500
b. Service	150
c. Pantry	0
d. Banquet Storage	75
e. Chef's Office	75
f. Dry Storage	80
g. Refrigerated Storage	50
h. Room Service	100
i. Circulation	300
SubTotal	2,330

3. GENERAL SERVICE	SF
a. Dock	300
b. Receiving Office	100
c. Purchasing Office	100
d. Hold Storage	0
e. Liquor Storage	125
f. Dry Storage	75
g. Refrigerator Storage	100
h. Bulk Storage	150
i. Servibar Storage	200
j. Trash / Can Wash	75
k. Security	75
l. Function Storage	250
m. Misc. Equipment Storage	300
n. Circulation & Miscellaneous	1,500
SubTotal	3,350

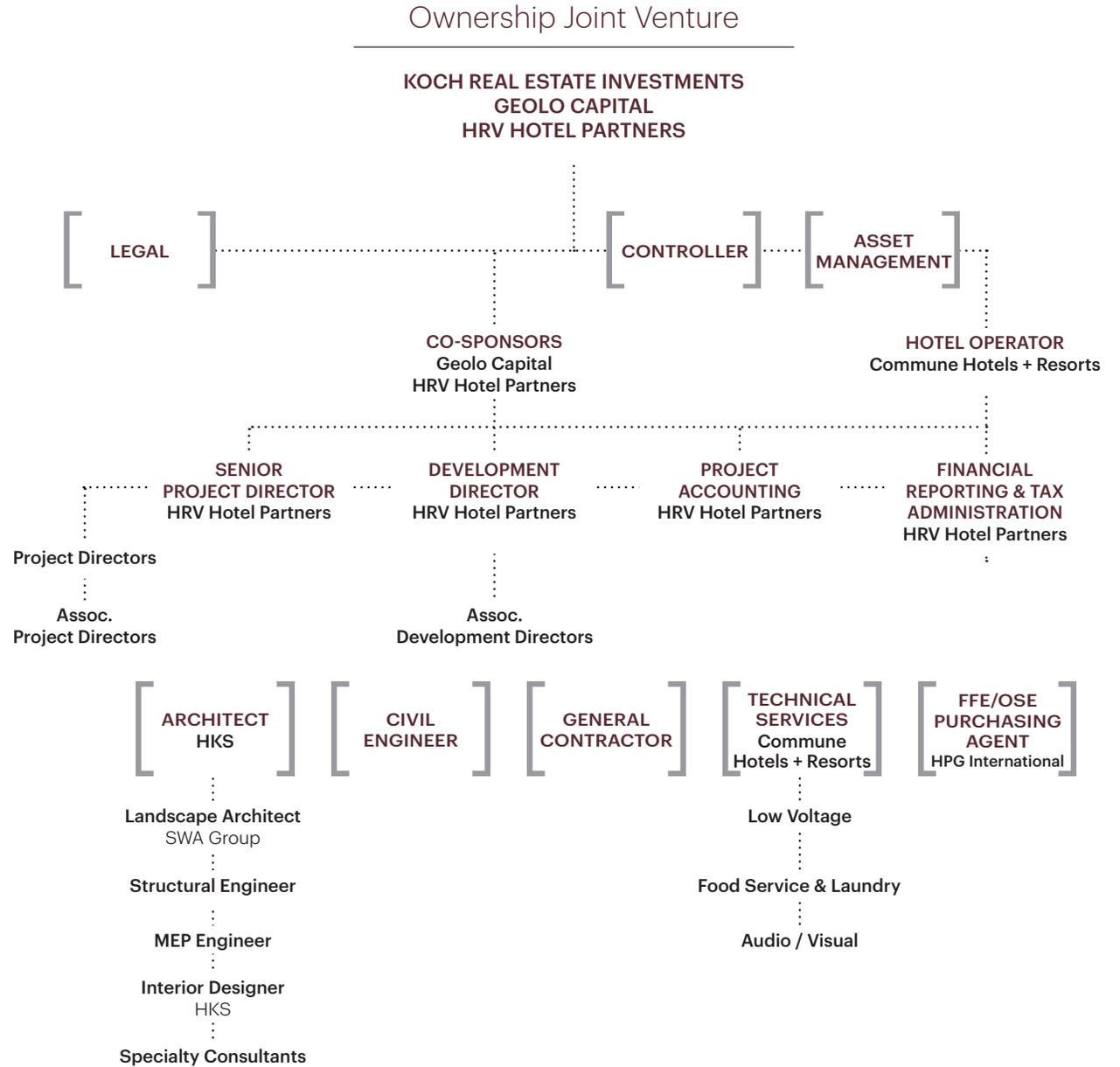
4. EMPLOYEE FACILITIES	SF
a. Personnel	125
b. Employee Dining	500
c. Employee Lockers & Rest Rooms	700
d. Miscellaneous Storage	250
e. Circulation & Miscellaneous	400
SubTotal	1,975

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	150
b. Engineering Shop & Storage	250
c. Mechanical & Electrical Rooms	1,200
d. Circulation & Miscellaneous	1,000
SubTotal	2,600

ADMINISTRATION & BACK-OF-HOUSE TOTAL	14,455
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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





August 16, 2016

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

Re: Main 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 60 room full service hotel located on Main 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 60 room full service hotel located on Main 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) \$27,550,000, 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.

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 \$18,340,137 (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**”:

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 (60)
Sources of Cash			
HSF Senior Loan	27,550,000	60.03%	459,167
"Borrower Equity"	18,340,137	39.97%	305,669
Total Sources of Cash	45,890,137	100.00%	764,836
Uses of Cash			
Hard Costs & FF&E			
Acquisition Cost	5,050,000	11.00%	84,167
FF&E	3,994,984	8.71%	66,583
Hard Construction Costs	18,251,539	39.77%	304,192
Total Hard Costs & FF&E	27,296,523	59.48%	454,942
Soft & Other Costs			
A&E	2,795,000	6.09%	46,583
Consultant/Legal Fees	750,000	1.63%	12,500
Permits/Utility Tap	1,777,432	3.87%	29,624
Signage/Landscaping/Site Work	2,350,000	5.12%	39,167
Developer Fee	547,546	1.19%	9,126
Property/Other Taxes	150,000	0.33%	2,500
OS&E	2,514,920	5.48%	41,915
Working Capital	1,425,000	3.11%	23,750
Other	50,000	0.11%	833
Contingency	2,847,216	6.20%	47,454
Total Soft & Other Costs	15,207,114	33.14%	253,452
Financing Costs			
HSF Origination Fee	551,000	1.20%	9,183
Mtg Broker Fee	275,500	0.60%	4,592
Interest Reserve	2,560,000	5.58%	42,667
Total Financing Costs	3,386,500	7.38%	56,442
Total Uses of Cash	45,890,137	100.00%	764,836

**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.

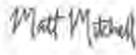
If the terms and conditions set out in this letter and the attachments are acceptable, please indicate your acceptance by executing this letter in the space provided below and returning the letter by September 2, 2016 and deliver by wire transfer (instruction outlined below) or check the Due Diligence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

We look forward to working with you on this transaction.

Very truly yours,



Michael Jaynes
President



Matt Mitchell
Vice President