



January 26, 2017

Mr. Erik Bredfeldt
Economic Development and Innovation Director
City of Gainesville
200 East University Avenue
Gainesville, Florida 32601

Mr. Bredfeldt,

This letter is in response to your letter of January 24, 2017. Please accept this letter as an official request for a hearing before the City Commission at its February 2, 2017, 1:00 p.m. meeting. We would like to discuss amendments to our **Amended and Restated Contract for Sale and Purchase**, including Sections 4a Deposits, 4b Benchmarks, and other pertinent and relevant sections affected by amending the aforementioned sections of our contract.

Let me start by thanking you and City Manager, Anthony Lyons, for taking the time to conference on Monday, January 22, 2017, with me, our debt and equity funder, and other members of our team to further discuss the sufficiency of our Letters of Intent (LOIs) submitted to the City of Gainesville on November 29, 2016. The other individuals present during the conference call were Sean Whitlock, Managing Principal of Whitlock Capital Group, Avis Butler and Rodney Long, Project Consultants, and Lenard Vaughn, Broker.

We have responded to all of the City's requests by conference calls on December 8, 2016 and January 22, 2017, and in writing on January 3, 2017 in response to your letter of December 15, 2016 received on December 16, 2016 via email. Because we believe that the LOIs submitted to you on November 29, 2016 were sufficient per the plain language of our contract, we began our reasonable diligence to meet the conditions of the LOIs and the requirements of the future benchmarks. One day after submission of the LOIs, November 30, 2016, we contacted members of our development team, verbally and in writing, and requested their timeline to meet the February 1, 2017 benchmark.

Our Engineer, George F. Young, Inc., required 44 days to mobilize and complete the February 1st benchmark pertaining to engineering services. Our architect, HKS, Inc., required 52 days to complete the February 1st benchmark pertaining to architectural services. Whitlock Capital Group required 10-12 days to complete the organizational process for the predevelopment phase.

After reviewing the nature and discussions of the December 8th conference call, I placed our development team on pause pending the response that you stated we should expect to receive. On December 16th, we received your response that indicated our LOIs submitted on November 29th were insufficient to satisfy the plain language of the contract. Your letter stated that we needed to address your concerns by providing a written response no later than January 4, 2017. Upon receipt of your letter on the 16th, all mobilization and organizational efforts were ceased until further notification by your office. Had we not paused and subsequently ceased our mobilization and organizational efforts, we would have had ample time to meet the February 1, 2017 benchmark.

In response to your specific request, “staff would like to have the proposed amended benchmarks dates submitted so that they can be communicated to the City Commission prior to the hearing,” we are requesting an additional **62 days** be added to each remaining benchmark performance date and deposit date as outlined below.

PROPOSED NEW DEPOSIT AND BENCHMARK DATES:

4. a. **DEPOSITS:** On or before the dates specified below, the Buyer shall make additional deposits to the City in the amounts specified below. The original deposit and additional deposits (collectively, the “deposits”) shall be credited to the Purchase Price at Closing. However, if Buyer fails to satisfy any of the performance benchmarks specified in Section 4b (after written demand from City and 5 day cure period to satisfy the benchmark), this Contract shall automatically terminate, without further action necessary by either party, and Seller shall retain all deposits paid to date.

On or before April 3, 2017, Buyer shall make an additional deposit of \$25,000.

On or before August 2, 2017, Buyer shall make an additional deposit of \$25,000.

On or before January 2, 2018, Buyer shall make an additional deposit of \$25,000.

- b. **PERFORMANCE BENCHMARKS:** On or before the dates specified below, the Buyer shall obtain and provide to Seller appropriate documents that evidence that Seller has satisfied each performance benchmark specified below. The documents shall be executed by the duly authorized representative of the party providing the commitment to the Buyer and shall state with specificity the nature of the commitment and may state generally that the commitment is subject to terms and conditions as disclosed to the Buyer. Upon providing the documents, Buyer will thereafter use reasonable diligence to satisfy the terms and conditions and proceed to Closing. If Buyer fails to satisfy a performance benchmark, then the City Manager, or his designee, may provide written demand (in accordance with Section 20) for performance to Buyer. Buyer shall have 5 days (after

receipt, as defined in Section 20) to satisfy the performance benchmark, failing which this Contract shall automatically terminate, without further action necessary by either party, and Seller shall retain deposits paid to date as specified in Section 4a.

Deadline (on or before)	Performance Benchmark
4/3/2017	(2) Title Commitment (3) Submit complete application for hotel franchise (4) Complete survey (5) Provide plan for property due diligence as required by Buyer, its lenders, equity partners and hotel franchisor
8/2/2017	(6) Approval of hotel franchise (7) Complete all property due diligence as required by Buyer, its lenders, partners and hotel franchisor (8) File complete application for all necessary City planning, zoning and development approvals
1/2/2018	(9) Binding Commitments to Fund and Close from all lenders and equity partners (10) Approval of all necessary City planning, zoning and development approvals
2/1/2018	Closing Date for Purchase of Lot 10

In closing, there are other dates and provisions in the **Amended and Restated Contract for Sale and Purchase** that will require adjustments if the above benchmark date changes are approved. To name a few: Section 9b(2) First Reverter Event; and 9b(3) Security.

If you have any questions or need additional information, please let me know. I look forward to seeing you at the February 2nd meeting.

Best Regards,



Nimish Patel, CEO
Horizon Hospitality Management Inc.