

From: avisbutler@aol.com [mailto:avisbutler@aol.com]
Sent: Thursday, December 31, 2015 1:53 PM
To: Bredfeldt, Erik A.; nimishp@horizonhmi.com; rodnejlong@gmail.com; raywillisjr@aol.com
Cc: Lyons, Anthony R.; Shalley, Nicolle M.; Pruss, Karen E.
Subject: Re:New Contract Amendments

Erik,

Thank you for promptly responding to Horizon's request to amend the October 1, 2015 contract with the City of Gainesville.

In reviewing the contract, Nim, Rodney, and I are recommending the following two (2) modifications for the accompanying reasons:

1) **Application to the hotel flagship** for a "full-service hotel" franchise agreement **will be made no later than June 2, 2016.**

The amendment as originally written states that a binding commitment must be secured by June 1, 2016 for a "Full-Service Hotel" franchise agreement. Until the loan review process is completed, there is absolutely no way to know if the lender will require the due diligence period to be completed before financing approval is received.

While it is customary for the review process to take up to 45 days from loan package submission, there is no way to determine at this time if an issued LOI will stipulate for a construction loan closing period earlier than the completion of the due diligence period. Our due diligence period does not begin until the lender's preliminary financing commitment (LOI) is issued at the close of the 45-day review period. Therefore, if a preliminary financing commitment is secured **prior** to the completion of the due diligence period, and that commitment includes the funding approval of the franchise application, then **application to the flagship can be made prior to June 1, 2016. However, if the lender requires the due diligence period to be completed before approving the financing, then the application for the franchise agreement will occur the business day following the close of the due diligence period, June 2, 2016.** This time period is consistent with the timeline sent to you and the former City Manager, Russ Blackburn, on September 14, 2015.(See snapshot of timeline below)

Once the franchise application is submitted, there is a **minimum of two (2) months** before **approval is obtained** by the flagship. This approximate time period was also confirmed during our August 28th conversation with the Planning and Development Manager of the City of Greenville, SC. A full-service hotel with similar schematics of the same flagship and brand is currently being developed in downtown Greenville, SC by the former owner of Gainesville's downtown Hampton Inn & Suites.

If the latest date for **application** to be made is June 2, 2016, then an approval can not be obtained by the June 1, 2016 date stated in the amendment. It is imperative to know whether the application fee is approved in our preliminary financing commitment because the **\$150,000 application fee is non-refundable by the flagship.**

2) Please revise the May 1, 2018 dates stated in the 'Reverter' section 9 (b)(1) of the City contract to July 31, 2018.

This revision is consistent with the 90-day increase in the other contract amendment dates.

Act ID	Description	Early Start	Early Finish
Design/GMP Development			
1010	Execute Final Contract with City Manager	20AUG15	10SEP15
1011	Secure Project Financing	20AUG15	24NOV15
1012	Establish Project Team Agreements	11SEP15	09OCT15
1015	Hilton Application & Approval Process	25NOV15	07JAN16

Please let me know if you have any questions or need additional information.

Again, thanks Erik.

Avis