



Economic Development & Innovation

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December 15, 2016

Mr. Nim Patel
Horizon Hospitality Management, Inc.
4555 Mansell Road, Suite 300
Alpharetta, GA 30022

RE: Amended and Restated Contract for Sale and Purchase, dated October 28, 2016, (the "Contract")
between the City of Gainesville, as Seller, and Horizon Hospitality Management, Inc., as Buyer

Dear Mr. Patel:

I am writing to inform you that it is City staff's finding that the materials submitted on behalf of Horizon Hospitality Management, Inc. (HHM) on November 29, 2016 are insufficient to satisfy the plain language and intent of performance benchmark #1 in the Contract.

This finding was further solidified during the phone conversation between City Staff and HHM and other pertinent parties on December 8, 2016.

The plain language and intent was that by November 11, 2016 letter(s) of intent from all lenders and equity partners would have been provided to the City.

That date passed without receipt of any documents and the City then provided the required notice for the Buyer to cure the default on or before 3:02 PM on Tuesday, November 29, 2016.

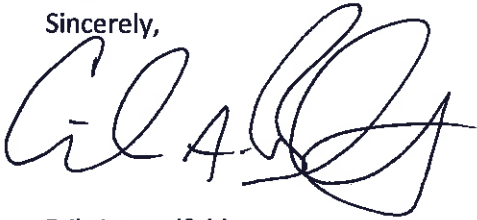
At 3:00 PM on Tuesday, November 29, 2016, the Buyer submitted "conditional commitments" from Whitlock Capital Group LLC. It should be noted these "commitments" are dated November 27, 2016 – well beyond the November 11th benchmark deadline. Further, the "commitments" state an expiration date of December 4, 2016.

Based upon the materials submitted and the subsequent phone conversation, it appears that as of December 8, 2016 only "soft groups had been identified" (as stated by Mr. Whitlock in the phone call) for the debt and equity financing components of the project. In addition, due diligence and associated fees to be paid by HHM to Whitlock Capital Group had not been made and the "commitments" were awaiting further review by the respective parties. As such these "commitments" do not meet the plain language and intent of performance benchmark #1. Further, the "conditional commitments" provided by Whitlock Capital Group expired on December 4, 2016.

OUR VISION: The City of Gainesville will set the standard of excellence for a top ten mid-sized American city; recognized nationally as an innovative provider of high-quality, cost-effective services.

City Staff considers this to be a default, under the Contract and will recommend termination of the Contract unless HHM can provide documentation, **no later than January 4, 2017**, that identifies the actual debt and equity parties and their respective commitments to this project. These performance benchmarks are critical to ensuring the City that the Buyer is committed to the project and is moving forward to bring it to fruition.

Sincerely,

A handwritten signature in black ink, appearing to read 'Erik A. Bredfeldt', with a large, stylized flourish at the end.

Erik A. Bredfeldt
City of Gainesville, FL
Economic Development and Innovation Director

c: Anthony Lyons, City Manager
Nicolle Shalley, City Attorney