



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

Meeting Conducted in a Room in Compliance with ADA Standards

Tuesday, October 16, 2018

5:30 p.m.

City Hall Council Chambers

313 Court Street

The Dalles, Oregon

CALL TO ORDER

Chair Miller called the meeting to order at 5:30 p.m.

ROLL CALL

Present: Scott Baker, Staci Coburn, Bob Delaney, Taner Elliott, John Fredrick, Darcy Long-Curtiss, Linda Miller and Chuck Raleigh

Absent: Steve Kramer

Staff Present: Urban Renewal Manager Steve Harris, City Attorney Gene Parker and Assistant to the City Manager Matthew Klebes

In Attendance: 17

PLEDGE OF ALLEGIANCE

Chair Miller led the Pledge of Allegiance.

APPROVAL OF AGENDA

Board Member Fredrick moved to approve the agenda; Board Member Coburn seconded the motion. The motion passed unanimously.

APPROVAL OF MINUTES

Board Member Long-Curtiss stated the minutes should reflect she was in favor of relocating the Gitchell Building.

Board Member Long-Curtiss moved to approve the minutes of August 21, 2018, as amended. Board Member Elliott seconded the motion; the motion passed unanimously.

PUBLIC COMMENT

Luise Langheinrich, Lines of Design, 107 E. Second Street, The Dalles

Langheinrich asked for the purpose of the consultant hired for the GBHD project and if the consultant had prepared a final report. Director Harris replied the consultant was hired to review

financial documents submitted by GBHD. Portions of work had been completed; no further work was in process at the time of this meeting.

Langheinrich stated she was in support of the GBHD project.

EXECUTIVE SESSION

Pursuant to Item IX. A. of the Urban Renewal Agency Board Agenda dated August 21, 2018, which cites ORS 192.660(2)(e), the Board adjourned to Executive Session at 5:36 p.m.

Chair Miller reconvened the Open Session at 6:39 p.m.

ACTION ITEMS

Consideration to Extend Exclusive Negotiating Agreement with GBHD, LLC

Director Harris presented the staff report.

Board Member Baker asked if an appropriate fourth alternative would be approval of the extension provided there was a reimbursement agreement. In addition, perhaps the extension could be contingent also on payment for the Phase 2 analysis. Harris replied that would be appropriate.

Board Member Long-Curtiss stated GBHD should be given the chance to confirm information the Agency is using to make sure their decision is accurate. She objected to the fact GBHD was not present during Executive Session, and shared her belief that GBHD was not treated the same as other developers.

Vice Chair Elliott said the GBHD presentation was premature based on the lack of evidence of funding. He encouraged Mr. Leash to return with the proposal at a later date.

Vice Chair Elliott moved to decline an extension to the Exclusive Negotiating Agreement between the Columbia Gateway Urban Renewal Agency and GBHD, LLC. Board Member Fredrick seconded the motion. The motion passed 7-1, Long-Curtiss opposed, Kramer absent.

Bradley Timmons, Attorney, 3591 Klindt Drive, Suite 220, The Dalles

Timmons stated during the Public Comment portion of the meeting, the public was directed to hold comments regarding the GBHD project until the item was addressed on the agenda. The public was silenced; the opportunity to speak was removed by the Agency's vote.

Board Member Baker moved to reconsider; Board Member Coburn seconded the motion. Long-Curtiss stated that was a violation of Robert's Rules of Order. She said only the person who voted against can move to reconsider. No vote was taken.

Board Members asked for clarification on Long-Curtiss' statement.

Board Member Long-Curtiss moved to allow people who came to speak about GBHD's project, to speak now. If the Board would like to reconsider, we can open it back up at that point. No vote was taken.

Board Member Baker stated he made no decision while in Executive Session.

Rodger Nichols, 1617 Oregon Street, The Dalles

Nichols quoted Robert's Rules of Order, "The motion to reconsider can be made only by a member who voted on the prevailing side."

Board Member Fredrick moved to reconsider the vote; Board Member Elliott seconded the motion. The motion passed unanimously, Kramer absent.

Chair Miller invited public comment.

Bradley Timmons, Attorney, 3591 Klindt Drive, Suite 220, The Dalles

Timmons stated he represents Mr. Leash and GBHD. He requested approval of the 120-day extension. Timmons was not present during Executive Session, and felt he was arguing against the unknown. This extension was contemplated in the ENA and should be granted as a matter of course; he was surprised by Director Harris' opposition to the request.

Timmons said they were operating under an Exclusive Negotiating Agreement (ENA) to negotiate a Memorandum of Understanding (MOU) for a \$25.6 million project. The concept of an MOU should be to lay out the conditions whereby the Agency will participate in the project.

An MOU, in any form, has not been produced. Mr. Leash needs this MOU in order to proceed further, to attract investors and solidify the project. Unless certain milestones are reached, the Agency will have no risk.

With respect to timeliness, Timmons strongly objected to Director Harris' statements and summaries. A Confidentiality Agreement was submitted to Mr. Parker on June 1; Timmons received a draft 49 days later. Timmons stated, "In sum, from June 1, 2018 until it was completed Sept 5, 2018, it sat in the Agency's lap for 61 days." At a meeting in July, Leland Consulting requested additional documents. Timmons stated a Confidentiality Agreement was submitted June 1; documents would not be produced until the Agreement was signed.

Timmons stated the Agency was encouraged not to proceed with a determination based on Leland's report; the report was premature. During a phone conference on August 10 between the Agency, Kristen Campbell (Timmons Law), and Mr. Leash, it was stated that Mr. Leash was still waiting on a response from the Agency. Notwithstanding that the Confidentiality Agreement had not been signed, Mr. Leash began uploading documents to Leland's dropbox beginning August 21 continuing through September 7. During a phone conversation an agreement was made defining milestones for documents and submission dates. A memorandum of that agreement was never produced, but Mr. Leash continued to submit documents.

On September 7, Timmons received a copy of a letter from Director Harris stating he was terminating Leland's work and suspending the project because documents were not produced. Due to a technological problem, Leland was unable to view the documents. On September 14, 2018, Timmons replied by letter to City Attorney Parker outlining his objections to the suspension, Exhibit 1.

Vice Chair Elliott asked if Mr. Leash had a letter of funding commitment from Live Oak and Premier Capital. Timmons replied Leash had a letter of interest; Leash cannot obtain a funding commitment without an MOU.

Chair Miller asked for the amount of funding requested from Live Oak. Mr. Leash replied it was \$13.75 million. Timmons stated Live Oak wanted a letter stating they had a viable project.

Board Member Baker asked if GBHD was willing to pay the cost of the lot appraisal and creation of the MOU. There are costs associated with reaching this point, approximately \$12,000 so far. Baker said if there is reimbursement agreement for future work, it's a drop in the bucket for a \$25 million project, yet it's a lot of money for our Agency. Timmons replied that could be addressed in the MOU.

Elliott asked if there was a reimbursement agreement and an agreement to tie up the land, would that MOU then work to tie up the funding so that GBHD could return to the Agency and secure the \$1 million commitment. Timmons replied that could be built into the MOU.

Board Member Baker stated there is a risk to the Agency; funds committed to this project could not be used on projects presented to the Agency in the interim.

Timmons replied the 120 days were built in the agreement. Progress was being made. The delays were not Mr. Leash's fault; he should not be penalized for delays.

Subsequent to Timmons' letter of September 14 (Exhibit 1), he was informed the project was back on track; Leland was reengaged to continue. At this point, another 14 days had gone by.

On September 28, 2018, Mr. Timmons received a letter from Leland Consulting Group which was essentially a punch list. The letter requested a conference call on October 2 to review the list. Mr. Timmons, Kristen Campbell, Michael Leash, Director Harris and Wally Hobson of Leland Consulting Group participated in the call. Mr. Hobson requested documents that were previously submitted.

Mr. Timmons stated, "It appears to us however, that Mr. Harris or Leland had already made up their mind and although we were continuing to provide documents... Providing these additional documents was just sort of a song and dance they want us to go through to make us feel good that we were providing them."

On October 4, Mr. Harris requested an explanation for the sum of \$800,000 in expenses incurred by Mr. Leash. That information was provided on October 6.

Board Member Baker asked what portion of the \$800,000 was Mr. Leash's consulting fee. Mr. Leash replied he had not received payment.

In conclusion, Mr. Timmons stated they are prepared to negotiate the MOU and respectfully request the Agency agree to the 120-day extension.

Board Member Delaney asked if the agreement would die if the MOU was not completed within the timeframe. Mr. Timmons stated it was possible the parties could not reach an agreement; this is a negotiation. Mr. Leash stated the Tokola Development and Disposition Agreement (DDA) had numerous milestones; it seemed extremely strange to Mr. Leash they were doing a large amount of advance work without a DDA in place.

Bryan Cavaness, General Counsel for American United, 10300 SW Greenburg, Suite 425, Portland, Oregon 97223

American United Regional Center was the first center approved in Oregon. Currently, they had projects in Oregon and Washington; projects in California were in negotiation. Mr. Cavaness said they had placed approximately \$100 million, ranging from assisted living facilities to a large, multi-use project. They have worked out a loan agreement which is basically contingent on the Agency's approval, and prepared offering documents to present to investors. They are anxious to become part of this project.

The EB5 program has regular sunset dates. The program was originally adopted in the late 1990s. It has a continuing sunset provision; the program regularly goes through processes for reauthorization. Industry expectations are for another reauthorization for the program.

Board Member Raleigh asked if American United's backing was contingent on the Agency's approval of \$1 million, and if American United would provide a letter stating their backing. Mr. Cavaness stated they have every intention of backing the project and believed they could provide a letter similar to the letters provided by other funding organizations.

In response to Board Member Baker's inquiry, Mr. Cavaness clarified they would provide a letter of interest, short of a funding commitment.

Mr. Cavaness said the current amount they planned to fund was \$8.5 million, 17 investors at \$500,000 each.

Chair Miller invited additional questions or comments.

Michael Leash, GBHD, 2003 View Court, The Dalles

Mr. Leash stated information included in Director Harris' letter of September 7 was inaccurate. Mr. Leash provided correspondence from Premier Capital Associates, LLC, stating Live Oak

Bank had provided their project review and “Deal Sizing” which is the equivalent of a letter of interest, Exhibit 2. Mr. Leash clarified that Deal Sizing included the construction loan.

Mr. Leash was also concerned with the statement regarding the Hilton franchise. He provided correspondence sent by GBHD, LLC, to Leland Consulting Group, Exhibit 3.

Vice Chair Elliott asked if the First and Court Streets parking lot was secured, could the project move forward. Mr. Leash replied it was an important element and would make a huge difference. He reiterated a DDA would assist in securing a commitment.

Board Member Long-Curtiss reminded the Board that during her two years of service, the procedure was to vote for an ENA. That ENA instructs Staff to prepare the DDA and return to the Board for approval. Inside the DDA are the conditions and deadlines. The DDA is not a guarantee.

Board Member Baker stated the process went off track when Mr. Leash told the board there was no point in going forward without a commitment from the Agency for the parking lot and funding. Board Member Long-Curtiss said the parking lot could be included in the DDA.

Mr. Timmons said the DDA would include milestones. If milestones were not met by GBHD the parking lot would not be secured.

Board Member Baker stated the Board still had to make the decision to commit \$1 million and the parking lot.

In response to Board Member Coburn’s inquiries, Mr. Leash replied all the documents requested had been submitted except the equity piece and the BOLI report. Mr. Leash said those documents could not be provided without a DDA. Mr. Leash needed to move forward with the property acquisition.

Mr. Leash clarified that Premier Capital was the broker working with Live Oak Bank and GBHD.

Robin Miles, 1516 E. 10th Street, The Dalles

Ms. Miles stated Urban Renewal’s purpose was to help businesses. Business owners in The Dalles want 120 jobs that could be provided by the project. Miles said funds spent on Leland Consulting were not well spent. Mr. Leash is a financial expert; the Board should address the 61 days and apologize to Mr. Leash. The worst that could happen was the project would fall through and we would move on.

Board Member Fredrick moved to decline an extension to the Exclusive Negotiating Agreement between Columbia Gateway Urban Renewal Agency and GBHD, LLC. Vice Chair Elliott seconded the motion. The motion failed with a tied vote: Elliott, Miller, Fredrick and Raleigh in favor, Baker, Coburn, Long-Curtiss and Delaney opposed, Kramer absent.

Board Member Long-Curtiss moved to approve the 120 day extension for GBHD and instruct staff to work quickly to develop the DDA. Board Member Coburn seconded the motion.

Discussion ensued.

Board Member Baker requested a return to Executive Session in order to discuss new information. If that was not an option, other alternatives could include an extension other than 120 days, submission of additional information or possible reimbursement agreement. He stated his preference that a motion include some reimbursement piece.

Board Member Long-Curtiss said the motion previously was to offer two 120-day extensions. Without good reason to deny the request, she felt they were obligated to approve the extension.

Vice Chair Elliott stated he thought they could reach some sort of agreement based on the land without an Agency funding commitment. Mr. Leash could then return when funding was secured.

Board Member Long-Curtiss stated Mr. Leash was asking for the same DDA offered to Tokola. Mr. Leash is asking for the parking lot and some waiver of fees; none of that would happen until Mr. Leash was well into his financing.

Board Member Raleigh stated without additional information, at this time he would not agree to the extension.

Board Member Baker said this project was separate from the Tokola project. Board Member Long-Curtiss replied the process was the same.

Chair Miller said the current extension would end October 24. The Board should make a decision or schedule a special meeting.

Board Member Long-Curtiss referred to the 61 day delay.

Chair Miller called for the vote. The motion failed 7-1, Long-Curtiss in favor, Kramer absent.

Attorney Parker said it was unclear if a decision was made by the Board. Discussion ensued. A return to Executive Session was suggested.

The Board reviewed motions made during the meeting. Attorney Parker said at this point, the ENA is still in effect but no extension was approved.

Rodger Nichols (did not identify himself on the record) asked for clarification of the motions: if no extension was approved, the ENA would end on October 24.

City Attorney Parker said a return to Executive Session might result in a motion not previously considered.

Al Wynn, 1709 Cherry Heights Road, The Dalles

Wynn said a return to Executive Session would open the Board to an additional lack of input, contribution to a no win situation.

Discussion by the Board included:

- Investor commitment was necessary prior to moving forward
- The Board would like to see resubmittal of the project once GBHD had assembled the pieces and secured funding commitment
- The project is an excellent opportunity for the community providing 120 jobs and increased tax revenue
- The Board would like all the information in order to make an educated decision
- Mr. Leash already owns the land
- Expediting the project to a conclusion is important
- The usual procedure used for others was not implemented for Mr. Leash
- The consultant was hired so a professional would research the materials without potential bias and kept the Agency's liability out of it
- A DDA is necessary for lenders to commit funding
- There was no firm commitment from Premier Capital

Board Member Long-Curtiss asked if the hotel would be built or the project denied due to Board Member feelings toward the applicant. Long-Curtiss said to give Leash the DDA so that Leash could move forward. The DDA could be written to protect the Agency.

Board Member Baker stated his desire for the Agency to move toward a reimbursement model where the planning piece was paid for by the developer. For example, the Board offers to approve the extension provided the applicant pay costs incurred with preparation of the DDA, including the parking lot appraisal and an hourly rate for staff time.

City Attorney Parker stated no definitive action had been taken by the Agency.

Baker asked if the Board could let the existing ENA expire, then offer a pre-approved ENA to the applicant that included reimbursement.

Board Member Fredrick moved to decline the extension of the Exclusive Negotiating Agreement between the Columbia Gateway Urban Renewal Agency and GBHD, LLC.

Board discussion reviewed motions made over the course of the meeting.

Board Member Long-Curtiss stated she felt a new ENA was not operating in good faith.

Further discussion included the terms of the Confidentiality Agreement.

Board Member Baker moved that Staff prepare a new Exclusive Negotiating Agreement with GBHD to develop a DDA provided they reimburse the costs of development of said DDA, including an appraisal of the lot, an hourly rate for staff time and for a term of 120 days. Board Member Coburn seconded the motion.

Director Harris asked if Board Member Baker considered the cost of consultants. Baker replied it would be addressed in a separate motion.

The motion failed with a tied vote: Baker, Coburn, Miller and Raleigh in favor, Elliott, Fredrick, Long-Curtiss and Delaney opposed, Kramer absent.

STAFF COMMENTS

Harris stated the next regular meeting is scheduled for November 20, 2018, Thanksgiving week.

Harris will provide an update on the Granada Theatre improvements.

Parker stated the BOLI hearing for the Tokola project had been scheduled for early November. The attorney for Tokola indicated he would like additional time. The meeting was rescheduled for December 3, 2018. Staff was working on declaring exhibits and preparing arguments.

BOARD MEMBERS COMMENTS OR QUESTIONS

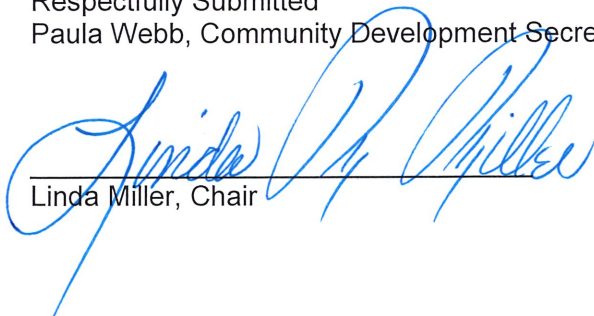
Board Member Fredrick asked for the status of the special planning session for visioning grant. Harris replied he was working with the state representative finalizing the scope of work.

Board consensus was to hold the next meeting on November 27, 2018.

ADJOURNMENT

Chair Miller adjourned the meeting at 8:53 p.m.

Respectfully Submitted
Paula Webb, Community Development Secretary



Linda Miller, Chair



September 14, 2018

VIA EMAIL: gparker@ci.the-dalles.or.us

Gene E. Parker
City of The Dalles
313 Court Street
The Dalles, OR 97058

Re: GBHD / Leland Consulting / Steve Harris
Email dated September 7, 2018

Dear Gene:

We are in receipt of Steve Harris' September 7, 2018 email to our client, Michael Leash, which effectively suspended the GBHD development (the "Project"). Mr. Harris contends that his action was based on the untimely transmittal of documents by Mr. Leash. This is yet another obstacle in what appears to be a calculated effort to obstruct a development that appears totally in line with the Urban Renewal Agency's (the "Agency") mission.

Illustratively, not only did Mr. Leash upload all documents as discussed in the August 10 phone conference, he sent confirming emails each time he uploaded a document. See email attached as Exhibits 1-4. As you can see, Mr. Leash provided voluminous information on time or ahead of time. At no time, in response to any of those confirming emails, did Mr. Leash receive an inquiry or notification that the documents were not visible by Leland or the Agency. The email also evidences that Mr. Leash is immediately responsive to inquiry about the Project. Accordingly, we have no choice but to surmise that the Agency, at the direction of staff, is acting in bad faith. Additional support for this supposition includes the Memorandum of Understanding committed to by you and Mr. Harris on behalf of the Agency memorializing the August 10 conference call and deadlines, which was never drafted or submitted to Mr. Leash.

We are also advised that Mr. Harris is prone to disparaging Mr. Leash and/or the Project. Further, there is reason to believe that Mr. Harris' decision to suspend the Project review is at the direction and/or encouragement of Mayor Lawrence, who does not have authority to instruct Agency to take action contrary to Board direction. This raises serious concerns about the ethics of the Agency and the ability of the Board to exercise its fiduciary duty.



Gene E. Parker
September 14, 2018
Page 2 of 2

This is particularly concerning given a project of this magnitude. With all due respect, neither Mr. Harris nor the Mayor should be making unilateral decisions to effectively dispose of the Project. Finally, Mr. Leash has expended copious time and resources in a good faith attempt to follow the process Mr. Harris imposed on him, while Mr. Harris has consistently failed to extend reciprocal consideration. As you must know, Mr. Harris' actions have caused a gridlock for my client and the numerous community and industry partners Mr. Leash has worked hard to engage in the Project. If those partners withdraw on account of politically motivated action by the Agency, damages will be substantial.

Accordingly, because the documents were indeed provided in a timely matter as requested, it is our strong position that the Agency is obligated to allow Leland to proceed with the analysis that Mr. Leash acted in reliance upon. Furthermore, Mr. Leash acted above and beyond any obligation, demonstrating his commitment to transparency by providing numerous sensitive documents well ahead of the Non-Disclosure Agreement, which was also delayed through no fault of Mr. Leash.

To alleviate additional scrutiny, we request that the Agency override Mr. Harris' action, please reengage Leland immediately and proceed with the requisite good faith review and consideration of the Project. Considering the potential for this development to substantively benefit the region, aesthetically and economically, the Agency should follow its stated process. We would welcome the opportunity to proceed collaboratively through the due diligence process already approved and commenced by the Agency Board.

Thank you for your prompt attention and response to this letter.

Sincerely,

TIMMONS LAW PC

A handwritten signature in blue ink, appearing to read "Bradley V. Timmons", written over a horizontal line.

Bradley V. Timmons
brad@timmonslaw.com

BVT:ckl

cc: Michael Leash – via email

Michele Harvey

From: Michael Leash <mleash@tdhgi.com>
Sent: Tuesday, August 21, 2018 8:10 AM
To: Brian Vanneman; 'Wally Hobson'
Cc: sharris@ci.the-dalles.or.us; Brad Timmons; Kristen Campbell; Michele Harvey
Subject: GBHD The Dalles Downtown Hotel - Development Overview

Brian & Wally,

We have uploaded the requested Development Overview to Dropbox for your review. I believe we have adjusted and covered all of the changes & updates we discussed in our call.

Please review and if you feel there are needed adjustments, we'll get those back to you quickly.

Thank you,
Michael

Michael Leash, Principal
GBHD, LLC
Ph: 541-340-0892
email: mleash@TDHGI.com

Michele Harvey

From: Michael Leash <mleash@tdhgi.com>
Sent: Wednesday, August 22, 2018 4:06 AM
To: Kristen Campbell; Brad Timmons
Cc: Michele Harvey
Subject: RE: GBHD The Dalles Downtown Hotel - Document Request
Attachments: Leland Site Control_ml2.doc; GBHD LLC_Lease_w-SBH Dufur LLC (The Dalles Site)-wSitControlDoc.pdf

Team,

Please review the "Current Site Control" document I have drafted and the details. I have also included the 23-Years and Site Control Document where is an agreement to convert the property to equity and it is notarized too.

I will need to load to Leland by the end of the day.

I will have the Draft project Timeline to you later this morning.

Thank you for all the help,
Michael

Michael Leash, Principal
GBHD, LLC
Ph: 541-340-0892
email: mleash@TDHGI.com

From: Steve Harris [mailto:sharris@ci.the-dalles.or.us]
Sent: Monday, August 20, 2018 3:34 PM
To: Michael Leash
Cc: kristen@timmonslaw.com; Brian Vanneman; Wally Hobson; Gene Parker; 'Linda Miller'; Julie Krueger
Subject: GBHD The Dalles Downtown Hotel - Document Request

Michael,

Hello, as a follow up to our Aug 3rd conference call with Leland Consulting, last Friday (Aug 17th) was the deadline for the submittal of your **Development Overview** (described in Leland's July 26th memo). As of today this information has not been recd. According to Leland the last documents added to the DropBox were on June 10th.

In addition to last Friday's deadlines, the following documents are due this week:

- Aug 22nd – Current site control map and future hotel plan map
- Aug 22nd – Draft project timeline
- Aug 24th – GBHD ownership and equity statement

You may remember that these documents and deadlines were discussed and mutually agreed to during our conference call. These deadlines were established in order to give Leland adequate time to review and prepare for their UR Board

presentation on Oct 16th. This mtg date is the same where the Board will consider the status of the ENA and whether to authorize Phase 2 of the Leland evaluation.

If you are experiencing delays and/or difficulties in producing the materials, I would encourage you to contact me directly. Another option would be to schedule a conference call with Leland, prior to our scheduled Sept 7th call.

Steven Harris, AICP | Director
Community Development Department
City of The Dalles | 541.296.5481 x1151
313 Court Street | The Dalles, OR 97058
www.thedalles.org

Michele Harvey

From: Michael Leash <mleash@tdhgi.com>
Sent: Friday, August 24, 2018 10:59 PM
To: 'Brian Vanneman'; 'Steve Harris'; 'Wally Hobson'
Cc: Brad Timmons; Kristen Campbell; Michele Harvey; 'Gene Parker'
Subject: RE: GBHD The Dalles Downtown Hotel - Development Overview

Brian

We have placed the requested document in the following file:

2. GBHD ownership and equity statement

Please let me know if you have any questions.

Thank you,

Michael Leash, Principal
GBHD, LLC
Ph: 541-340-0892
email: mleash@TDHGI.com

From: Michael Leash [mailto:mleash@tdhgi.com]
Sent: Wednesday, August 22, 2018 5:01 PM
To: 'Brian Vanneman'; 'Steve Harris'; 'Wally Hobson'
Cc: brad@timmonslaw.com; kristen@timmonslaw.com; 'Michele Harvey'; 'Gene Parker'
Subject: RE: GBHD The Dalles Downtown Hotel - Development Overview

Brian,

In the control document, I mentioned we need to keep confidential the details of the Baldwin Saloon Property. As discussed in our call and the July meeting, there are employees, customers and vendor that the owner is considered about, and we need to ensure that this process does not disrupt his business.

Thank you,
Michael

Michael Leash, Principal
GBHD, LLC
Ph: 541-340-0892
email: mleash@TDHGI.com

From: Michael Leash [mailto:mleash@tdhgi.com]
Sent: Wednesday, August 22, 2018 4:54 PM
To: 'Brian Vanneman'; 'Steve Harris'; 'Wally Hobson'
Cc: brad@timmonslaw.com; kristen@timmonslaw.com; 'Michele Harvey'
Subject: RE: GBHD The Dalles Downtown Hotel - Development Overview

Brian,

We have placed the documents in the following files:

- 3. Current site control map and future hotel plan map;
- 4. Draft project timeline

Please let me know you have any questions.

Thank you,

Michael Leash, Principal
GBHD, LLC
Ph: 541-340-0892
email: mleash@TDHGI.com



From: Brian Vanneman [mailto:bvanneman@lelandconsulting.com]
Sent: Tuesday, August 21, 2018 10:27 AM
To: Steve Harris; 'Michael Leash'; Wally Hobson
Cc: brad@timmonslaw.com; kristen@timmonslaw.com; Michele Harvey
Subject: RE: GBHD The Dalles Downtown Hotel - Development Overview

Steve,

Michael just called me and showed me where the Development Overview document is. I do see it now; it is in the folder and subfolder shown below. Give me a call if you have trouble finding it.

Michael,

Is it Ok with you if I move all the old documents (received June 2018) into a "June 2018" folder. That will keep things organized. Thanks,

Brian

Dropbox > The Dalles - Downtown Hotel - GBHD materials (1) > GBHD_MLeash@tdhgi.com

Name	Date modified	Type	Size
1-Hotel Project To Do List	8/21/2018 7:44 AM	File folder	
Agreements w/ City and State	6/8/2018 3:14 PM	File folder	
Architect and plans	6/8/2018 3:14 PM	File folder	
Community Assets	6/8/2018 3:14 PM	File folder	
Community Service Platforms	6/8/2018 3:14 PM	File folder	
Cost Benefit Analysis & Misc. Reports	6/8/2018 3:14 PM	File folder	
Debt & EB-5 Term Sheets	6/14/2018 6:40 AM	File folder	
Development Team	6/14/2018 6:40 AM	File folder	
Hilton Hotel Documents	6/8/2018 3:13 PM	File folder	
Hotel Management	6/8/2018 3:14 PM	File folder	
Letters of Support	6/27/2018 7:11 AM	File folder	
LOI & Term Sheets being Reviewed by In...	6/8/2018 2:21 AM	File folder	
Parking Solutions	6/8/2018 3:14 PM	File folder	
Pro forma, Sources & Uses, Debt Service ...	6/10/2018 11:59 PM	File folder	
Property & Site Control Docs	6/10/2018 11:12 PM	File folder	
School Expansion & Master Plan	6/8/2018 3:14 PM	File folder	
STR Reports & HVS & Recaps	6/10/2018 11:00 PM	File folder	
Tourism Reports	6/8/2018 3:14 PM	File folder	
Development Overview for Leland Consu...	6/10/2018 11:53 PM	Adobe Acrobat D...	946 KB

Dropbox > The Dalles - Downtown Hotel - GBHD materials (1) > GBHD_MLeash@tdhgi.com > 1-Hotel Project To Do List

Name	Date modified	Type	Size
1. Development overview (3-10 pages);	8/21/2018 7:44 AM	File folder	
2. GBHD ownership and equity statement;	8/7/2018 11:36 PM	File folder	
3. Current site control map and future ho...	8/7/2018 11:37 PM	File folder	
4. Draft project timeline;	8/7/2018 11:37 PM	File folder	
5. Short letter stating the desired timing	8/7/2018 11:38 PM	File folder	
6. Commitment letter from Live Oak Bank;	8/7/2018 11:38 PM	File folder	
7. Equity	8/7/2018 11:39 PM	File folder	
8. Commitment letter from EB-5 mezzani...	8/7/2018 11:39 PM	File folder	
9. 10-year discounted cash flow pro form...	8/7/2018 11:39 PM	File folder	
10. Updated market analysis;	8/7/2018 11:40 PM	File folder	
11. BOLI statement;	8/7/2018 11:40 PM	File folder	
12. Project need; and	8/7/2018 11:40 PM	File folder	
13. Fiscal impact analysis	8/7/2018 11:41 PM	File folder	

Brian Vanneman

Direct 503.205.4149 | Main 503.222.1600 | Mobile: 503.780.1676 | www.lelandconsulting.com

LELAND CONSULTING GROUP

People Places Prosperity  

From: Steve Harris <sharris@ci.the-dalles.or.us>

Sent: Tuesday, August 21, 2018 10:02 AM

To: 'Michael Leash' <mleash@tdhgi.com>; Brian Vanneman <bvanneman@lelandconsulting.com>; Wally Hobson <whobson@lelandconsulting.com>

Cc: brad@timmonslaw.com; kristen@timmonslaw.com; Michele Harvey <michele@timmonslaw.com>

Subject: RE: GBHD The Dalles Downtown Hotel - Development Overview

Michael,

I don't see any new documents downloaded to dropbox.

Steven Harris, AICP | Director

Community Development Department

City of The Dalles | 541.296.5481 x1151

313 Court Street | The Dalles, OR 97058

www.thedalles.org

From: Michael Leash [<mailto:mleash@tdhgi.com>]

Sent: Tuesday, August 21, 2018 8:10 AM

To: Brian Vanneman; 'Wally Hobson'

Cc: Steve Harris; brad@timmonslaw.com; kristen@timmonslaw.com; Michele Harvey

Subject: GBHD The Dalles Downtown Hotel - Development Overview

Brian & Wally,

We have uploaded the requested Development Overview to Dropbox for your review. I believe we have adjusted and covered all of the changes & updates we discussed in our call.

Please review and if you feel there are needed adjustments, we'll get those back to you quickly.

Thank you,
Michael

Michael Leash, Principal
GBHD, LLC

Ph: 541-340-0892

email: mleash@TDHGI.com

Michele Harvey

From: Michael Leash <mleash@tdhgi.com>
Sent: Friday, September 07, 2018 4:58 PM
To: 'Steve Harris'; 'Brian Vanneman'; Wally Hobson
Cc: 'Gene Parker'; Brad Timmons; Kristen Campbell; Michele Harvey
Subject: GBHD The Dalles Downtown Hotel - Dropbox Loaded Documents

Brian

We have placed the requested document in the following file:

- 6. Premier Capital/LOB & Terms of Deals Structure
- 8. Commitment Letter/Term Sheet from American United
- 9. 10-year Pro forma Cash flow, Net Operating Income & Income after Debt Service.
- 10. Updated Market Analysis – STR Report 8/2//2018, Overview of report and impact of proposed Holiday Inn.

Please let me know if you have any questions. Have a great weekend.

Thank you,
Michael

Michael Leash, Principal
GBHD, LLC
Ph: 541-340-0892
email: mleash@TDHGI.com

PREMIER CAPITAL

ASSOCIATES, LLC

12600 SE 38th Street
Suite #207
Bellevue, WA 98006

September 6, 2018

Brian Vanneman
Leland Consulting Group

RE: Requested Commitment Letter/Letter of Interest

Mr. Vanneman,

I have been asked by Michael Leash to provide some type of written confirmation of Live Oak Banks (LOB) interest in the debt financing for the Hilton Garden which is to be located in downtown The Dalles, Oregon. Regarding hospitality financing, lenders including LOB initially issue indicative terms in the form of term sheets/deal structures to show an interest in financing the opportunity. Commitment letters are not provided until the lender completes their full due diligence and underwriting. Once due diligence and underwriting is complete, often lenders go straight to loan documents rather than issue commitment letters if the original terms/structure of the deal has not changed.

Based on my 20 plus years of financing hotels, lenders do not issue indicative terms/deal structures if they do not have an interest in financing the project. Lenders review the information up front and would pass on this process if they did not have an interest. Not only has LOB expressed this interest but their team has flown out to meet Michael and visit both the site and market.

On March 26-27, 2018, three members of LOB, were in The Dalles to do a project site visit, meet with Michael, review the details of the project, and physically observe the Competitive Set of other hotels in the market. My associate and I were also in The Dalles for these meetings as were representatives of the city council and chamber of commerce.

Prior to the visit to The Dalles LOB reviewed the information related to the project and provided their project review and what they refer to as their "Deal Sizing," which is the equivalent of a letter of interest, but short of a Commitment, since additional due diligence and underwriting is required to reach this point. LOB only provided this "Deal Sizing document" after extensive review of the budget and market to express an interest in providing the financing.

Before LOB can complete their due diligence, they have to be comfortable with the capital stack, which indicates leverage, equity, investor profile, etc. Therefore, one of the key equity components is the agreement between GBHD and the city of The Dalles, which would be documented with a signed MOU

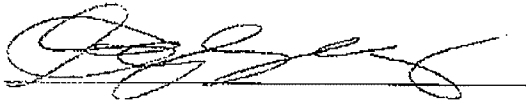
agreement between the parties and ultimately a DDA Agreement to follow. The additional Parking Lot owned by URA is a significant component to the entire project, capital stack, and additional soft costs being incurred by GBHD.

LOB is comfortable with the structure of the deal, the use of EB-5 funds, costs and equity as it explained in the Sources and Uses. LOB has structured deals using EB-5 in the capital stack and this does not present any concern with this project.

Attached to this letter is a recent market overview prepared by Wave Hospitality Advisors who are both a development consultant and the management company on the project. This overview spells out how well the market is performing and helps identify why Premier Capital and LOB have interest and involvement in the financing.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory D. Morris", is written over a horizontal line.

Gregory D. Morris
Managing Director

Email: gmorris@premiercapitalassoc.com

(o) 425-957-0700

(m) 425-533-1357

GBHD, LLC
306 Court Street
The Dalles, OR 97058



October 10, 2018

Brian Vanneman
 Wally Hobson
 Leland Consulting Group
 610 SW Alder Street, Suite 1200,
 Portland, Oregon 97205

RE: Live Oak Bank – Construction & Permanent Loans

Brian & Wally,

Per our conference call, please find clarification for one the questions on the Summary Document –

- We assume Live Oak Bank is both the construction and permanent loan lender, but there is nothing from the bank stating this.

***From Live Oak Banks Deal Overview – They layout the structure Construction & Permanent Loans together, basically these are all-in-one-loans:

Construction Period			
Term (Months)	Yes	Yes	#VALUE!
I/O Period (Months)	Yes	Yes	#VALUE!
Index	WSJ Prime	WSJ Prime	
Index	4.50%	4.50%	4.50%
Adjusted	Quarterly	Quarterly	
Spread	2.00%	2.00%	2.00%
Fully Indexed Rate	6.50%	6.50%	6.50%
Prepayment Penalty	No prepayment during construction	No prepayment during construction	
Permanent Period			
Ballon Period	300	120	251
I/O Period (Months)	12	12	12
Amortization Period (Months)	288	288	288

Please contact me if you have any questions and if need be we can call Greg Morris with Premier Capital for more information.

Regards,

Michael Leash
GBHD, LLC

Email: mleash@tdhgi.com
 Mobile: (541) 340-0892
 efax: (888) 394-6743



LIVE OAK BANK

DEAL OVERVIEW

	Note One LOB USDA B&I	Note Two LOB Pari Passu	Total
Guarantee Obligation	Recourse	Recourse	
Loan Amt	\$10,000,000	\$3,752,856	\$13,752,856
% of Total Deal	72.71%	27.29%	100.00%
Land			\$1,325,000
Prepaid			\$0
Cash to Close			\$9,093,337
Total Project Cost			\$24,171,193
Origination Fee (%)	1.00%	1.00%	1.00%
Origination Fee	\$100,000	\$38,000	\$138,000
Third Party Lender Fee	0.00%	0.00%	0.00%
Program Guaranty Fee	\$210,000	\$0	\$210,000
Syndication Fee	\$0	\$0	\$0
Construction Period			
Term (Months)	Yes	Yes	#VALUE!
I/O Period (Months)	Yes	Yes	#VALUE!
Index	WSJ Prime	WSJ Prime	
Index	4.50%	4.50%	4.50%
Adjusted	Quarterly	Quarterly	
Spread	2.00%	2.00%	2.00%
Fully Indexed Rate	6.50%	6.50%	6.50%
Prepayment Penalty	No prepayment during construction	No prepayment during construction	
Permenant Period			
Ballon Period	300	120	251
I/O Period (Months)	12	12	12
Amortization Period (Months)	288	288	288
Index	5-Yr Treasury	5-Yr Treasury	
Index	2.62%	2.62%	2.62%
Adjusted	Quarterly	Quarterly	
Spread	3.70%	3.70%	3.70%
Fully Indexed Rate	6.32%	6.32%	6.32%
Fixed Rate	5 yr fixed, followed by floating	5 yr fixed, followed by floating	
Prepayment Penalty	5 for 5	5 for 5	

GBHD, LLC
306 Court Street
The Dalles, OR 97058



October 8, 2018

Brian Vanneman
Wally Hobson
Leland Consulting Group
610 SW Alder Street, Suite 1200,
Portland, Oregon 97205

RE: Clarification of Franchise Agreement Dates

Brian & Wally,

Per our conference call, please see the attached email where I have highlighted the projected extension of timing for the "Preliminary Designs" to needed to move the project forward.

(In the email, see the top of page 2 and middle of page 2)

Key Hilton Contacts:

Douglas Leining, Hilton Sr. Project Manager – Northwest
Lisa Waldron, Hilton Director Development – NW

In the email, I shared Douglas Leining, Sr. Project Manager that we are delayed and we would have a new projected timeline to get the project started once we have an agreement that confirms plans for parking. Both my contacts with Hilton are well aware that we are working on an agreement with the URA, with the parking lot being a key component of the agreement.

In my calls with Lisa Waldron, Director Development NW, she has made it clear that the franchise agreement will continue until GBHD notifies Hilton in writing that we are longer pursuing the development of a HGI in The Dalles. Hilton does not update the agreements; Lisa said it would be impossible to keep all of franchise agreements refreshed, especially with projects having multiple delays that go on for years.
(We discussed the 10-year development journey of the Hampton Inn, Hood River)

If we need to do a verbal verification with either Hilton Representative, Timmons Law can set-up a conference call to ensure that all parties are in agreement that franchise agreement is in good standings.

Please contact me if you have any questions.

Regards,



Michael Leash
GBHD, LLC

Email: mleash@tdhgi.com
Mobile: (541) 340-0892
efax: (888) 394-6743

Michael Leash

To: brad@timmonslaw.com
Subject: FW: The Dalles, Or. HGI

Brad,

Here is the email from Hilton; confirming they are in agreement that Preliminary Plans meet guidelines.

They also, are okay with pushing out the timeline for plans submissions and start of construction until we have a DDA confirmation of an agreement, especially the commitment of the Parking lot. They are aware that all timelines will be moved back, until an agreement has been made with the Urban Renewal Agency.

Thank you,
Michael

Michael Leash, Principal

GBHD, LLC

Ph: 541-340-0892

email: mleash@TDHGI.com



From: Michael Leash [mailto:mleash@TDHGI.com]
Sent: Thursday, June 14, 2018 12:24 PM
To: 'Douglas Leininger'
Cc: 'dale@jra-arc.com'; 'Lisa Waldron'
Subject: RE: The Dalles, Or. HGI

Douglas,

Thank you for the follow-up email.

As we move through next steps and the agreement with City, we'll be sure to update you and the team. We are hoping this process moves quickly and we look forward to working on our plans with you.

Thank you,
Michael

Michael Leash, Principal

GBHD, LLC

Ph: 541-340-0892

email: mleash@TDHGI.com

From: Douglas Leininger [mailto:Douglas.Leininger@hilton.com]
Sent: Thursday, June 14, 2018 11:40 AM
To: Michael Leash
Cc: dale@jra-arc.com; Lisa Waldron
Subject: RE: The Dalles, Or. HGI

The plan submitted with the site plan application appears to work. There may be minor changes, outside of footprint that may need to change. That will be evaluated at the preliminary submittal stage when you upload to the ProjectHub for review.

Douglas Leininger

Sr. Project Manager - Northwest
 Focused Service Brands
 Architecture, Design & Construction | North America



755 Crossover Lane
 Memphis, TN 38117

+1 901-374-5647 **D**
 +1 901-265-9388 **M**

Hilton.com



From: Michael Leash <mleash@tdhgi.com>
Sent: Sunday, June 3, 2018 2:05 AM
To: Douglas Leininger <Douglas.Leininger@hilton.com>
Cc: dale@jra-arc.com; Lisa Waldron <Lisa.Waldron@hilton.com>
Subject: RE: The Dalles, Or. HGI

Douglas,

Good Evening – I hope your summer is off to great start.

It was good to catch-up with you last week and to go through where we are at this time and the projected timeline.

As we discussed, we are in an ENA agreement with the city and we are currently working through the details of the DDA with the City. As I mentioned, a major component of the agreement with the City is the acquisition of the parking lot that is adjacent to the site where 38-42 parking spots will be located.

Based our conversation, could you send back the details for the adjusted schedule we reviewed. I believe we reviewed having Design Development (50%) Plans and Specifications moved back to February 2019. (Or was February 2019 for the final Preliminary Plans?)

Also, if you could also confirm in your email that the “rough Preliminary Plans” are satisfactory as they stand for now and with respect to how the hotel works on this infill site, but “HGI Programs Specific” plans will need to be submitted once the parking agreement are worked out with the City.

Thank you for your patience as we work through the details with the city. I will be sharing the details of our revised timeline with Consultant that is working with the City to review the project and DDA.

Lastly, I’m hoping that we move quickly with the DDA agreement; it would be great to beat the adjusted timeline, however I want to be realistic.

Thank you,

Michael

Michael Leash, Principal

GBHD, LLC

Ph: 541-340-0892

email: mleash@TDHGI.com



From: Michael Leash [<mailto:mleash@TDHGI.com>]

Sent: Thursday, April 12, 2018 1:20 PM

To: 'Douglas Leininger'

Cc: dale@jra-arc.com; 'Lisa Waldron'

Subject: RE: The Dalles, Or. HGI

Douglas,

Good afternoon, sorry for the delayed with my reply. I'm digging out after a little spring break.

We are in the process of working through the DDA agreement with the City, and it is taking longer than we expected. We have not make any more changes, since we want to ensure the agreement with the city will satisfy our parking needs.

I will connect with Lisa to see if we need to amend the dates and timelines.

Thank you,
Michael

Michael Leash, Principal

GBHD, LLC

Ph: 541-340-0892

email: mleash@TDHGI.com



From: Douglas Leininger [<mailto:Douglas.Leininger@Hilton.com>]

Sent: Wednesday, April 4, 2018 8:06 PM

To: Michael Leash

Cc: dale@jra-arc.com; Lisa Waldron

Subject: RE: The Dalles, Or. HGI

Can I get an update on this project?

Douglas Leininger

Sr. Project Manager - Northwest

Focused Service Brands

Architecture, Design & Construction | North America



755 Crossover Lane