



CITY OF ALEXANDRIA, LOUISIANA
MAYOR JACQUES M. ROY

FOR IMMEDIATE STAFF USE AND PUBLIC DISTRIBUTION

November 20, 2014
Office of the Alexandria City Attorney
Alexandria, Louisiana

Executive Summary

Proposer Windfeel—Alexander Fulton Hotel

BEFORE THE COUNCIL

The Alexandria City Council had several options before it:

- It could delay any decision, grant additional time, or add conditions.
 - The inherent risk is forfeiture of the only certified deal.
- It could accept the deal of a certified proposer.
- It could accept as certified two proposers (if two existed) and select a proposer.
- It could accept as certified two proposers (if two existed) and initiate a second-level competitive process.

INTRODUCTION

The City of Alexandria (“Alexandria” or the “City”) has engaged in offering for sale the Alexander Fulton Hotel and Convention Center (the “Fulton”). Through several potential agreements and offered cooperative endeavors, Alexandria has attempted various forms of fair-market value sales, with performance incentives to protect the related hotel assets, and, most particularly, the Alexandria Riverfront Center (“ARC”). See attached Windfeel Engagement e-mail and Term Sheet of January 30, 2013, incorporated verbatim here by reference, as **Tab 1**. Before engaging in any discussions—and as reiterated by document and verbally—all negotiation by Alexandria for cooperative endeavors is subject to the following admonitions:

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“As to all material in this Term Sheet, you understand this Term Sheet in no way constitutes an agreement, and is merely a recitation of the goals of a potential plan in achieving a binding agreement with Alexandria. Specifically, you understand until a valid ordinance is adopted, allowing for a contract, which is then negotiated and executed, any discussions, Term Sheets, or MOUs are merely expressions of possibility. However, once the developer executes the contemplated final MOU discussed herein, the developer is bound to those terms should council approval be obtained and execution by the mayor occur.”

PROPOSERS

The current developer-proposers are DISCOUNT REALTY, L.L.C. D/B/A WINDFEEL PROPERTIES, a limited liability company organized and existing under the laws of the State of Louisiana, represented by its Manager, Reggie D. Winfield (hereinafter at times, “Windfeel”), and SOUTHERN HOSPITALITY GROUP, LLC, a limited liability company organized and existing under the laws of the State of Louisiana, represented by its Manager, Jay Sharplin (hereinafter at times, “SHG”).

CURRENT SCENARIO

Windfeel is not certified for purposes of: (i) having the present or future capability of purchasing the Fulton according to the terms offered by Alexandria through (A) proof of financing, (B) agreement to the payment of \$1,000,000 at Closing, or (C) agreement to comply with the flag requirements demanded by Alexandria; and (ii) demonstrating the ability to provide or providing for an option while further financing is determined.

The Alexandria City Council, accordingly, may extend time for Proposer Windfeel, but should note such an extension does not guarantee a sale on the terms already certified and committed by Proposer SHG.

Under the current scenario, Windfeel is the operator of the Fulton, and Windfeel maintains this status should provide a favored position justifying an extension. Windfeel also maintains it has expended time, money, and effort into the Fulton—which cannot be

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recouped—if it does not receive an extension and further opportunity to compete for the sale. Windfeel has acknowledged it has no legal standing to object to the sale, and that it has not been denied the opportunity to compete during the process; however, Windfeel maintains it would be “unfair” to allow another competitor to “take the deal” when Windfeel has operated the deconditioned property since September of 2013—over one year without closing the transaction.

Windfeel, however, per the operating agreement at Sections 5.01-5.02, is aware—and acknowledges—the Fulton sale is subject to a first come-first served basis (*i.e.*, “race to the courthouse”) with regard to financing and completing a viable cooperative endeavor with Alexandria for the sale of the Fulton. **Tab 2-3.**

In the absence of an option being purchased, providing consideration for an exclusive period, any party was free to offer a deal to Alexandria. On August 5, 2013, Windfeel was offered an exclusive option period discussion (a “stand still,” at its request) but then declined to purchase the option. **Tab 4.** By June 13, 2014, Alexandria noted in writing to Windfeel the interest of another viable deal. **Tab 5.** Thereafter, in response to Windfeel’s specific inquiry as to the status of the second proposer’s negotiations with the City, on September 25, 2014, Alexandria again noted to Windfeel the “City was very close to reaching a firm agreement with a third party for the sale by the City.” **Tab 6.** It explained the contemplated transaction involved a nationally franchised hotel at the “level of a Holiday Inn ‘green flag.’”

Accordingly, despite Windfeel’s claims, SHG is properly before the Alexandria City Council, and, implicitly by way of the state constitution and development law, also is entitled to consideration of its proposal at the time surplus property and a development agreement are declared. The purpose of Article VII, Section 14, of the Louisiana State Constitution and the Louisiana Development Law (La.R.S. 33:4712 et seq.) is to provide the public with opportunity to judge declarations of surplus property offered for development purposes and

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ensure, among other things, that competing ideas can be vetted and costs considered to avoid prohibited donations of public things.

THE SECOND PROPOSER's ENTRY

Since Alexandria was approached by an additional proposer and began dual tracking the two potential endeavors, letting all parties know of this potentiality and that the first to make a viable deal could be considered by the Alexandria City Council, the Council is presented with one viable, certified deal for the Fulton and one request calling for an extension with no guarantee of viability for a deal at the end of this, the third or fourth extension. The administration is required by the development law of Louisiana to present viable endeavors regarding surplus property being considered for cooperative development purposes. This duty has been discharged. It is solely the Council's decision on what acts are taken, next, at the **November 25, 2014** council meeting.

By way of additional background, the following should be considered.

- The City was required to entertain an offer by SHG.
 - The City did not, although it could have, seek out a competitor to Windfeel by soliciting SHG.
 - SHG contacted the City and asked if it could pitch a deal.
- The City has complied with all rules of engagement contained in the original Term Sheet and subsequent terms as to both parties.
 - The written record and clear statement of city policy indicate conclusively no party may rely on discussions other than as provided by a council-authorized contract.

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- Discussions of mere possibility are neither terms nor enforceable as acknowledged by all parties and as is customary in commercial negotiations. After the January 30, 2013 terms were reduced to writing, on May 13, 2014, an additional Term Sheet was offered, stating:

Introduction to Process:

A final Memorandum of Understanding (“MOU”) completing all outstanding terms shall be received by **Thursday, May 22, 2014, by 4:30 p.m., C.S.T.** That “process” is attached or forwarded with this Term Sheet as contained in the executed letter of April 25, 2014, between Albin Provosty and Reggie Winfield, requiring that developer shall inform Alexandria on or before **May 15, 2014**, of the name of the national hotel franchisor it will submit an application to for a franchise license to operate the Fulton as a full service hotel. Additionally, developer shall provide to Alexandria on or before **May 15, 2014**, the exact amount stated in dollars for total capital expenditure (the “CapEx”). The CapEx shall be the final, vetted number upon which developer asks Alexandria to base its final determination of incentives.¹ On or before **July 15, 2014**, a franchise shall have been applied for and certified to Alexandria. On or before **July 15, 2014**, the CEDA shall have been executed by the parties.

Tab 7.

- The above-referenced memorandum of activity, dated April 25, 2014, is attached as

Tab 8.

- An executed copy of this letter agreement was never received by Alexandria from Windfeel.
- Thereafter, on July 15, 2014 (a date including extensions), the exclusive period for Windfeel to option a deal with the City on the Fulton expired.

¹ The CapEx may also be the defined CEDA term known as the “Hotel and Convention Center Facility’s Project Costs.”

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- The council person for district 2 made a request to this office about the application of a “Section 108” loan guarantee for Windfeel. Under this scenario, Windfeel would have all or some aspect of its financing guaranteed by Alexandria’s future CDBG allocation, placing that future allocation at risk in the event of a default by Windfeel.
 - Alexandria never agreed to a Section 108 guarantee. It was requested by Windfeel, but no terms were arrived at over a considerable period of time.
 - On May 14, 2014, Windfeel stated that for a “deal to work,” it would require the following terms—notably, a material departure from the original and subsequent term sheets and discussions:
 - A “\$1,000,000 gift of the building . . . [and that Windfeel would] explain why the original \$3M structure adversely affects the lending probability tomorrow.” *By comparison, SHG requires no CDBG risk and offered \$3,125,000 in addition to payment of \$1,000,000, cash, at closing.*
 - Property tax equalization from five years to fifteen years. *There is no tax equalization in the SHG structure.*
 - A grant from GAEDA of \$45,000. *The City has no control of this term.*
 - A \$1.5M HUD Section 108 loan guarantee, \$1.5M guaranteed by the City under 108 and \$6.7M guaranteed by USDA. *SHG contains none of these requests and therefore places the public at considerably less risk.*
 - “Utilization of ½ of percentage that’s already offered in advance.” *Assuming this means the City would be required to monetize half its incentives and offer them up front in cash, the request is neither legal under Article VII nor necessary since SHG does not require any cash up front for its purchase of a hotel.*
 - Windfeel requests a perpetual fuel-cost only utility agreement. *SHG does not make this request and it cannot be entertained in any event.*

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- Finally, a request was made for partnering with the community college.
 - Windfeel states in this communication it was scaling room renovations from 128 to 100 rooms and that the tax equalization requirement was a condition precedent for the debt service coverage ratio to work. Windfeel also requested lease of the hotel for student housing. *These requirements were neither offered nor agreed to by the City, and by way of response on May 14, 2014, the City responded with an expression of disappointment in the proposal—it representing such a stark departure from previous terms. SHG proposes 173 rooms in contrast.*

Tab 9.

FROM THE ORDINANCE

The ordinance submitted to the Alexandria City Council addresses the following scenarios,

- A delay of any decision, a grant of additional time, or an addition of conditions.
 - The inherent risk is forfeiture of the only certified deal.
- An acceptance of the deal of a certified proposer.
- An acceptance of certified proposers (if two exist) and selection of a proposer.
- An acceptance of certified proposers (if two exist) and initiation of a second-level competitive process,

by considering the following ordinance language:

Initial Comparative Purposes (for certification purposes only).

(A) for Initial Comparative Purposes between Windfeel and SHG, the CEDA shall be the same, with the exception of due diligence periods (since Windfeel has had the opportunity to conduct same) and purchase prices (since each negotiated a different one); otherwise, the parties shall be compared in the following manner for immediate use of the

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Mayor's discretion but with the requirement the findings be published to the Council for the public record:

- 90-day due diligence period from the CEDA effective date during which time only a discovery adding \$750,000 to the total Hotel and Convention Center Facility, or otherwise compliance with the PIP, allows the signatory SHG to exit its CEDA.
- The placement of \$200,000, by SHG, in cash, with the City as a deposit in consideration of the 90-day period for inspection, with no penalty to the City except as provided by the CEDA, which deposit shall be nonrefundable in the case of a breach except in the case of the \$750,000 excess above detailed.
- Proof by letter of credit, or substantially compliant and acceptable proof of the capacity, as to any proposer, to provide \$1,000,000 payable at Closing; and proof of capacity, by either Proposer, to finance all costs associated with the Hotel and Convention Center Facility, as defined by the CEDA, with a minimum benchmark being \$7,500,000, all certified by acceptable financing documentation indicating the clear and present capability to finance the project costs. The minimum benchmark shall be presumptively correct and may be overcome only with clear and compelling proof the project costs necessary to achieve the requirements of the PIP and all other CEDA-required expenditures are materially lower; and so, only if applicable because each proposer certifies compliance with Section VI(A), then

Subsequent Comparative Purposes.

(B) should Windfeel certify the above requirements on or before 21 days from introduction of this Ordinance, then and only in that case, the following may be used by the Council to aid in further determinations of the appropriate partner, subject to Section IV(D), with no operator past or present being given a competitive advantage, other than as stated herein:

Evaluation Criteria and Selection:

General Qualifications:

Qualified firms are expected, at minimum, to have:

- Present or prior management of at least three (3) similar convention properties; or prior experience with the subject hotel property.
- Experience in food service and entertainment/convention/concession management.
- Experience in addressing deferred and preventive maintenance.
- Experience in customer service and quality control.
- Experience in large-scale development.

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- Evidence of financial capacity.

Qualified firms are expected, at minimum, not to possess any of the listed impediments:

- Competing properties such that a reasonable commercial operator would find a material chance of a conflict of interest or divided business loyalty.
- Outstanding obligations or unresolved claims with Alexandria after an opportunity to cure is presented.

Proposers should address each one of these items in their statements/narratives, should any be required. Additionally, although a firm's overall experience is important, the project manager and key staff should document his or her own roles in similar, successful projects.

Scoring:

Statements of Qualifications will be scored as follows:

Firm Experience (0-30 points):

- Direct, hands-on experience and participation in similar projects.
- Objective measures of success, such as awards, commendations, and data on increased values resulting from previous projects.

Project Manager (0-20 points):

- Detailed information on the qualifications and relevant experience of the project manager, listing all professional degrees, certifications, awards, and commendations and providing points of contact for work on similar projects.

Key Project Staff and Sub-consultants (0-20 points):

- Detailed information on the qualifications and relevant experience of all key staff, listing all professional degrees, certifications, awards, and commendations and providing points of contact for work on similar project.
- An explanation of what each key staff member will individually bring to the project and how their individual contribution is not duplicative or unnecessary.
- If any sub-consultant will be employed, they shall be clearly identified in the qualification. The prime consultant shall notify the City, in writing, of any changes in key staff and Alexandria shall have the right to terminate or renegotiate the contract if those changes affect the work product or the time schedule.

Project Methodology and Approach (0-30 points):

- Provide detailed information on the firm's methodology and availability in meeting the scope of work and unique local or similar expertise.

Total Possible Points: 100

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As of November 19, 2014, the expiration date of the certification period, the Council should decide with regard to the Alexander Fulton Hotel and Convention Center, regarding the Hotel's management, sale, and/or lease, whether the Council should:

- Accept the CEDA of the certified proposer; or
- Initiate a second-level competitive process.



TAB 1

Albin Provosty

From: Albin Provosty
Sent: Tuesday, May 13, 2014 2:45 PM
To: 'Reggie Winfield'
Cc: Charles Johnson; David Crutchfield
Subject: Alexander Fulton Hotel & Convention Center
Attachments: Fulton Discount Final Terms 5 13 14.pdf

Importance: High

Good afternoon. In anticipation of our Thursday meeting, I am attaching hereto a package of documents which will form the basis of the agreements we hope to reach in negotiating a final Term Sheet providing for the sale of the Fulton Hotel & Convention Center to Discount Realty, L.L.C. D/B/A Windfeel Properties L.L.C.. I recommend you and your team review these documents prior to our meeting. Thank you. Look forward to a successful negotiating session.

Alexander Fulton and Convention Center

701 4th Street
Alexandria, Louisiana 71301



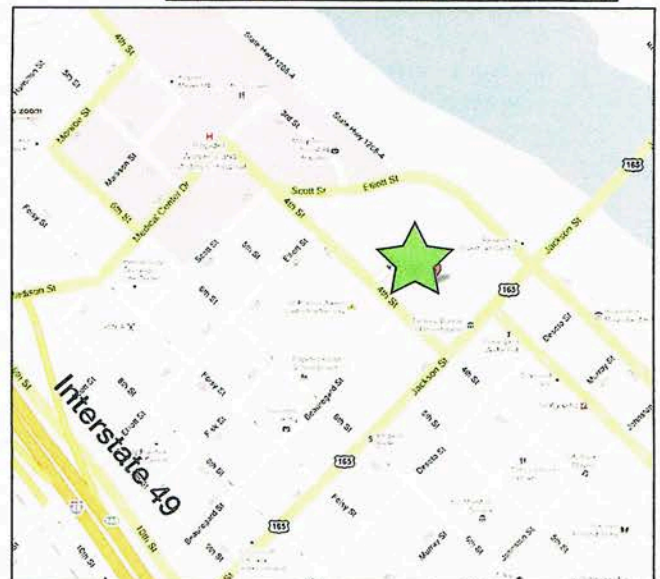
Number of Rooms: 173
Price Per Room: \$23,843.93
Property Type: Hotel/Motel
Property Sub-type: Full-service
Property Use: Investment
Lot Size: 3.55 AC
Building Area: 125,000+ square feet
Number of Stories: Seven
Food and Beverage Facilities: Restaurant, lounge
Meeting Space: 12,248 square feet
Additional Facilities: Outdoor pool, exercise room, business center, guest laundry room
Parking Spaces: 150+

\$4,125,000.00



Description:

- Full-service, 173 room hotel and convention center in prime location in Downtown Alexandria, Louisiana.
- Constructed in 1983.
- Operated as Hilton and Holiday Inn.
- Offered significantly below replacement cost (\$77,000+/room).
- Adjacent and connected to Alexandria Riverfront Center.
- Opportunity for robust public/private partnership.
- Continuously operating since 1983; annual convention clients.



Operation and Lease-Purchase of the Alexander Fulton Hotel and Convention Center

Purpose:

The City of Alexandria ("Alexandria") is considering (i) a sale of the Alexander Fulton Hotel and Convention Center ("Hotel") as a stand-alone, ongoing concern and/or (ii) sale of Alexandria's interests in the property under a lease-purchase arrangement. In the latter arrangement, a developer enjoys various opportunities to increase the likelihood of commercial operations success through a cooperative endeavor and development agreement ("CEDA") between the developer and Alexandria.¹

Terms and Conditions:

This Term Sheet recognizes an essentially final offer to developers. Under the following Terms and Conditions, subject to claw-backs and the fulfillment of certain suspensive and resolutive conditions, the parties acknowledge and agree:

General

1. As to all material in this Term Sheet, you understand this Term Sheet in no way constitutes an agreement, and is merely a recitation of the goals of a potential plan in achieving a binding agreement with Alexandria. Specifically, you understand until a valid ordinance is adopted, allowing for a contract, which is then negotiated and executed, any discussions, Term Sheets, or MOUs are merely expressions of possibility.²

Performance-Based Operations and Service Agreement with Lease-Purchase Option for the Hotel

2. Alexandria eventually intends to lease/sell the Hotel to the best proposer who limits the risk and expense of Alexandria, with the following terms in mind relative to "sound commercial operations" also known as the "Hotel Standards":
 - Interested applicants should have prior experience and expertise in the management of similar-sized Hotel properties.

¹ In such a scenario, Alexandria exits the hotel business altogether, and any CEDA would be temporary and on a runway toward detangling Alexandria from the Hotel and other hotel-convention endeavors. In order to attain the time needed for certain improvements or other necessary conditions precedent to the afore-stated Purpose, Alexandria may require an additional runway (ramp up) involving an interim operator-lessee to continue operating the ongoing concern of the Hotel. Thus, the arrangement sought herein may be a "bridge" process to a final sale.

² Of course, a valid ordinance, which would require slight amendment, authorized most of these terms as stated herein. For example, the change in HVAC, elevator, and roof contribution and \$4MM to \$3MM in purchase price are material modifications and require a new council approval in the absence of which there is no contractual authority to bind Alexandria as of yet by Term Sheet. This Term Sheet therefore cannot be binding.

- “Sound Commercial Operations” shall mean Alexandria can depend on measurable improvements to, and plans of work demonstrating best practices regarding:
 - Flag affiliation and development, which in addition to its specifics shall at minimum include:
 - Managing food service,
 - Convention business attraction and management (address of the Alexandria Riverfront Center),
 - Cost-effective rehabilitation ideas and plans,
 - Preventive maintenance plans and Property Improvement expertise to create a PIP for the Hotel,
 - Customer service excellence,
 - Quality control plans,
 - Employee training,
 - Marketing plans of definitive nature, and
 - Exterior/Interior design.
 - Other: You will be required to periodically certify as a condition of non-default the following:
 - Good and proper housekeeping brigades,
 - Maintenance of accounts payable,
 - Publication of periodic “aspirational” and other goals,
 - Current sales, employment, and occupancy tax remittances,
 - Proper health inspection compliance, and
 - General state of “cleanliness.”
3. **RIVERFRONT CENTER:** Any management agreement relative to the Alexandria Riverfront Center shall be negotiated separately, and must address unfair-competitive-advantage issues relative to other hoteliers. Alexandria agrees to negotiate in good faith through a board of advisors including the two hotel properties connected to the Alexandria Riverfront Center (“ARC”). Alexandria commits to a minimum repair and modification Property Improvement Plan of \$750,000 to commence with the CEDA.
4. **Alexandria Riverfront Center Management:** Alexandria will subject the ARC to professional, third-party management. The incentives and terms offered to a suitable partner shall be substantially similar to or as follows:
- **Commitment to Non-Interference.** Alexandria shall grant operational control to the manager, except as otherwise provided for in the management agreement.
 - **Manager shall guarantee a proven-results period to current ARC employees of six months.** During this period, certain employees can only be terminated according to reduction in force, and during the first year from commencement of management, any employee reduced in force shall have the right of first refusal should force be increased.

- **Maintenance Assistance.** Alexandria shall provide agreed-upon maintenance and custodial services to the ARC manager.
 - **Performance-Based Incentive Agreement.** An offered scenario is one in which the manager shall enjoy [x]% of “profits”³ from the facility operations for a period of [z] years, after which time the management agreement shall provide for a graduated scale on a per annum basis of no less than five (5) years and to be capped at [y]%.
 - Alexandria and manager shall agree that upon achievement of defined “ARC performance milestones,” Alexandria and manager shall contribute to a pooled resource in the amount of [v]% of ARC revenues dedicated to the Alexandria-guaranteed participation by intergovernmental partners in a city-wide and DHI-specific marketing plan for the purpose of driving business to the ARC and related properties, including the downtown hotels.⁴
 - “ARC-performance milestones”—shall mean those specific performance indicators relative to the Alexandria Riverfront Center in terms of profitability, convention generation, and profit leader in the region in relation to driving the success of other hotels and convention space through the capture of regionally-significant convention and hospitality events.
5. **OTHER INFRASTRUCTURE COMMITMENTS:** Alexandria commits to use the portion of the purchase price paid at the PIP or as agreed, in the sum of up to \$1M, to refund its UDAG account; and then to, upon approval, fund an infrastructure improvement plan or other catalytic project. The DHI participants would have input on this project, and it would be funded to serve tourism, destination, conventioning, or some related activity directly benefitting hotel and convention activities in the downtown area and city wide.
6. **ADDITIONAL SPECIFIC TERMS:** Alexandria shall:
- (1) lease the Hotel and Convention Center Tract to NewCo for a term to commence on a day and date acceptable to Alexandria and NewCo, and to end on acquisition of a “green Holiday Day Inn” flag or equivalent, completion of the Property Improvement Plan (“PIP”), or at closing, or some combination of those events (also, potentially substituted with a term encompassing the “Hotel and Convention Center Improvements”), unless the Mayor or his designee determines that it is in the best interest of the Alexandria to extend the date to a date for reasons beyond the reasonable control of either Alexandria or NewCo, the lease and lease-purchase to be subject to and conditioned on NewCo

³ “Profits” shall be a defined term as to “net” or “gross” or some other formula of determination.

⁴ This guarantee shall be transferable but only if a successor meets the same required milestones and level of agreed-upon and defined service.

(a) paying rent to the City in an amount to be determined, in the range of \$48,000 per annum beginning in year [x] from execution of the CEDA, and equal to 10% of the Net Income for the operation of the Hotel and Convention Center Facility, from commencement of the lease until year [x],

(b) entering into a Franchise Agreement with a national or international lodging chain which provides access to a national registration system approved by the City such as a Holiday Inn Hotel with full service, including onsite restaurant and similar conveniences for guests,

(c) paying the cost of all utilities provided to the Hotel and Convention Center Tract, except with respect to gas and electricity, NewCo shall pay and the City shall charge only the fuel adjustment charge or cost, during the term of such lease as provided therein and subject to certain restrictions and assumptions provided by law, and further for a utility plan in conformance with Alexandria ordinances and the CEDA,

(d) assuming all liability for the condition, upkeep, repair and maintenance of the Hotel and Convention Center Tract except for the obligation and agreement of the City to repair or replace, at the sole cost of the City, any item listed herein and otherwise to lease and sell the Hotel and Convention Center Tract "as is, where is,"

(e) prohibiting the assignment of NewCo's leasehold interest in the Hotel and Convention Center Tract, except to an Affiliate, without the written consent of the City,

(f) granting to Alexandria a right of inspection of the Hotel and Convention Center Tract,

(g) providing for the indemnification of Alexandria,

(h) providing for Events of Default and remedies for such Events of Default and

(i) periodically meeting with employees or agents of Alexandria, during the lease, to jointly review necessary repair, replacement or maintenance work necessary or required for an efficient and effective operation of the Hotel and Convention Center Facility.

(2) sell the Hotel and Convention Center Tract to NewCo, on credit, after termination of the lease of the Hotel and Convention Center Tract to NewCo, for an amount of not less than \$3,000,000.00 and the agreement and promise of NewCo to renovate and operate the Hotel as a first class full service franchise hotel in accordance with the Hotel Standards for a period of not less than 15 years ("the Purchase Price") by an Act Of Sale With Mortgage ("the Deed"), in which the City shall reserve and NewCo

shall grant a special mortgage and vendor's lien and privilege to the City to secure the Purchase Price to be evidenced by a Note executed and delivered by NewCo to the City payable on or as provided by acquisition of a "green Holiday Day Inn" flag or equivalent, completion of the PIP, or at closing, or some combination of those events, the Deed and the Note containing such terms, conditions, limitations, restrictions, requirements and provisions as recommended by counsel for the City, with the Deed to be subject to and conditioned upon NewCo agreeing to

(a) accept the condition of the Hotel and Convention Center Tract "as is, where is, with all faults" and to waive and release the City of all obligations of warranty for vices and defects in the Hotel and Convention Center Tract,

(b) close the purchase and sale of the Hotel and Convention Center Tract on a date as defined and tethered to acquisition of a "green Holiday Day Inn" flag or equivalent, completion of the PIP, or at closing, or some combination of those events, or at such day, date and time as the Mayor of the City determines is in the best interest of the City,

(c) procure and maintain a Commercial Property Insurance Policy insuring the buildings, fixtures, equipment, improvements and betterments in an amount equal to the replacement costs naming the City as loss payee,

(d) payment of any insurance proceeds from a casualty loss to the City or to the repair or restoration of any damage caused by a casualty loss to the Hotel and Convention Center Tract,

(e) payment of property taxes assessed and governmental charges imposed on the Hotel and Convention Center Tract,

(f) use the Hotel and Convention Center Tract to operate a hotel in accordance with the Hotel Standards to be set forth in the Agreement for the Term of the Agreement to be entered into with NewCo,

(g) comply with all laws and regulations,

(h) not use, generate, manufacture, store, treat, dispose of, release or threaten to release any hazardous substances or hazardous materials on, under or about the Hotel and Convention Center Tract,

(i) not transfer the Hotel and Convention Center Tract without the prior written consent of the City, except to an Affiliate,

(j) notify the City of any expropriation or condemnation proceeding,

(k) repay any Additional Advances made by the City for and on behalf of NewCo which Additional Advances shall be secured by the special mortgage and vendor's lien and privilege in the Deed,

(l) provide for an occurrence of an Event of Default under the Note, the Deed and the Agreement,

(m) remedies upon the occurrence of an Event of Default,

(n) foreclosure proceeding under Louisiana executory process law upon the occurrence of an Event of Default,

(o) appointment of a Keeper in the event of a foreclosure proceeding,

(p) payment of attorney fees if the Note is referred to an attorney to enforce payment,

(q) indemnify and hold the City harmless from any responsibility for the control, care, maintenance or repair of the Hotel and Convention Center Tract and

(r) waive any exemptions from seizure with respect to the Hotel and Convention Center Tract and to provide such other provisions as counsel for the City may recommend to the Mayor.

(3) subordinate the Deed to a New Mortgage by a Subordination Agreement, to execute for and on behalf of the City, encumbering the Hotel and Convention Center Tract NewCo may execute in favor of a Lender in an amount not to exceed \$[x],000,000.00 in principal, interest, attorney fees and costs or such other amount as the Mayor in his sole unlimited discretion may deem is in the best interest of the City based upon recommendation from counsel for the City agreeing that the New Mortgage should be superior in rank to the Deed and entitled to be paid by preference and priority in the event of a public or private sale of the Hotel and Convention Center Tract.

(4) provide for a (a) utility cost adjustment for electricity and gas utilities provided by the City to NewCo at the Hotel and Convention Center Tract for a period not to exceed December 31, 2022, (b) property tax equalization for the years 2013, 2014, 2015, 2016 and 2017 based upon proof of payment of property taxes by NewCo imposed on the Hotel and Convention Center Tract for those years, (c) termination of any other Professional Services Agreements effective as of the date and time of the commencement of the lease of the Hotel and Convention Center Tract by NewCo from the City, (d) Renovation of the Hotel and Convention Center Tract in an amount of not less than the Hotel and Convention Center Facility's Project Costs and the ownership and operation by NewCo during the Term of the Agreement to be entered into with

NewCo with all of the guests' services set forth in the Hotel Standards to be provided, (e) Release of \$2,000,000.00 of the Purchase Price after NewCo completes the Hotel and Convention Center Improvements for an amount not less than the Hotel and Convention Center Project Costs, (f) appointment of an agent for the City, (g) marketing of the downtown hotels and facilities in the Riverfront Center, (h) payment of attorney fees in the event of any breach or Event of Default, (i) curing of any Event of Default, (j) prohibition against Transfer of any right, title and interest by NewCo in the Agreement and (k) non-disclosure of any proprietary or Confidential Information belonging to NewCo by the City.

7. **Planning Review and Assistance:** Alexandria offers reduction of plan review fees, building permit fees, inspection fees, sign permits, or other similar administrative costs/fees associated with the initial construction/renovation of the improved properties.
8. **Special Transit and Tourism Help:** Alexandria will extend, subject to USDOT/FTA, limits special public transit services to the facility area and other hotels and motels under conditions for the benefit of the overall development but certifiably for the "primary benefit" of the Alexandria Riverfront Center.
9. **Dedicated Tax Marketing Fund and Assistance Plan:** Alexandria will seek and secure participation by intergovernmental partners in a city-wide and DHI-specific marketing plan of significance for the purpose of driving business to the ARC and related properties. Alexandria will seek the allocation of the Greater Alexandria Economic Development Authority ("G.A.E.D.A.") portion of the occupancy and use taxes generated by the DHI assets, through G.A.E.D.A., as sufficient to meet this requirement; however, Alexandria will also seek additional city-wide marketing through the Alexandria Pineville Area-Convention and Visitors Bureau ("APA-CVB") for an overall aggressive re-positioning and marketing plan for the regional convention, hospitality, and tourism businesses.⁵

⁵ G.A.E.D.A. originally agreed to defer any new tax stream in the form of its portion of occupancy and use taxes back to the City and/or its designee (e.g., the APA-CVB) for the purpose of city-wide marketing for the hotels (with greater than 50% of such funds to be earmarked solely for the two downtown hotels and the remainder for all city hotels and motels)(with an estimated 10-year value of approximately \$2M).

TAB 2

for the condition, repair and maintenance of the Hotel excluding, however, the City's obligation to repair, replace or renovate any Capital Items at the Hotel. Notwithstanding the present condition of the Hotel, Windfeel shall manage, operate and maintain the Hotel in accordance with Sound Commercial Operations.

IV.

4.01 Subject to the provisions of this Agreement, all Operating Expenses incurred by Windfeel in performing its obligations under this Agreement shall be borne by Windfeel and shall be paid by Windfeel. All debts and liabilities to third parties which Windfeel incurs under this Agreement are and shall be obligations of Windfeel, and, the City shall not be liable for any of such obligations by reason of its ownership of the Hotel.

V.

5.01 Windfeel and the City agree that Windfeel's action in operating, managing and maintaining the Hotel does not and shall not create any conflict with the City's stated and represented intention, desire and goal to dispose of the Hotel through a sale or long term lease arrangement as a stand alone facility or as part of the City's global Downtown Hotels Initiative ("DHI").

5.02 The City represents and Windfeel acknowledges that at this time the City's efforts are to find a person(s) or entity(s) who will take title and ownership to the Hotel through a purchase or long term lease arrangement and who can provide "Sound Commercial Operations" for the Hotel on a long term basis. Included within the term "Sound Commercial Operations" but not exclusive, are the following considerations:

- (1) Prior experience and expertise in management, operation and maintenance of a similar type and size hotel.
- (2) Capacity to obtain and maintain a franchise agreement with a national lodging chain, including a national registration system acceptable to the City.
- (3) Expertise in food service management.
- (4) Attraction and management of convention type ventures.
- (5) Cost effective rehabilitation ideas and plans.
- (6) Establishment of preventive maintenance plans and property improvement expertise.
- (7) Ability to provide excellent customer service.

TAB 3

TO: DISCOUNT REALTY, LLC D/B/A WINFEEL PROPERTIES (REGGIE WINFIELD)
FROM: ALBIN PROVOSTY
SUBJECT: TELEPHONE CONVERSATION – JULY 29, 2014 – FULTON HOTEL
DATE: JULY 31, 2014
CC: FILE

Reggie – this serves to memorialize our telephone conversation of late Tuesday evening, July 28, 2014. The conversation arose out of a return call by me to you, as requested in an email message you sent me earlier in the day.

We discussed the following items:

1. I informed you the information conveyed by a representative of the USDA was incorrect. The City has not entered into a “contract to purchase the Fulton” with any party.
2. I confirmed the City is in serious negotiations with a group for the sale of the Hotel. And am in the final stages of preparing a CEDA setting forth the terms of a sale.
3. I reminded you this is the same group I informed you in late June had contacted the City and expressed an interest in the property.
4. You verbally confirmed the information contained in your Tuesday afternoon email regarding your progress in obtaining financing.
5. I told you that the terms offered this new group were no different than those offered to you as far back as September, 2013.
6. I told you the City remains willing to sell the Hotel to you but except that at this time the situation can best be described as “a race to the courthouse,” meaning whoever first satisfies the terms of the CEDA the party has entered into, setting forth the terms of a sale, will be the party to whom the Hotel is sold. You acknowledged you understood this.
7. We also discussed the fact that you will probably have somewhat of an advantage over the other group since you should be further along in completing your due diligence and arranging your financing.
8. I told you I would prepare a form CEDA for your company, so you will have a clear understanding of the terms of a sale.

If there is anything in this Memo you disagree with, please let me know the specifics.

P.S. Please disregard the “DRAFT” Watermark. This is a final document.

TAB 4

Albin Provosty

From: Albin Provosty
Sent: Monday, August 05, 2013 2:09 PM
To: Albin Provosty
Subject: RE: Fulton Hotel

Nice talking to you today. Let me know if you would like me to pursue the "option" option. The 2 companies interested in possibly managing the ARC are: Global Spectrum and SMG. I have been in periodic contact with Sam Voisin, Regional General Manager of SMG, based in Shreveport. His telephone number is (318) 841-4201. I have informed him you may be calling.

From: Albin Provosty
Sent: Saturday, August 03, 2013 7:40 AM
To: Reggie Winfield
Subject: Re: Fulton Hotel

Thanks for update on progress. For me to recommend a "stand still," we would need to talk \$\$ and length of time for the option. Then, I think I would have to also allow for continued negotiation with Mr Jenkins, only, because my "gut" tells me he really wants the property, but is holding off because until you appeared he knew the COA had no other suitors. I don't want you to sink a considerable amount of \$\$\$ doing due diligence, and then have Mr Jenkins call out of the "blue" and advise he will accept the terms contained in the CEDA I sent you. Let me have you thoughts.

Sent from my iPad

On Aug 2, 2013, at 12:20 PM, "Reggie Winfield" <reggie@windfeelproperties.com> wrote:

Mr. Provosty,

I've been speaking with several consulting firms that have experience providing marketing and feasibility studies for full-service hotels with meeting room space. I'm also speaking with representatives from Wyndham Garden, Hilton (Double Tree), and Holiday Inn. Finally, I'm talking to various lenders as well. I'm at a point in which for me to move forward, I will need to engage a consultant to perform the feasibility and marketing study. Obviously, there's a hefty cost associated with that. I don't want to incur the cost without some protection from other potential buyers. What would I need in order to have some type of "stand still" period while I go through this process?

Your thoughts?

Reggie D. Winfield, CCIM

Broker

Licensed by the Louisiana Real Estate Commission

Windfeel Properties

603 St. Joseph Street
New Orleans, Louisiana 70130
504-821-2001 ext. 100
504-975-8262 cell
877-863-6098 fax

TAB 5

Albin Provosty

From: Albin Provosty
Sent: Friday, June 13, 2014 2:08 PM
To: Reggie Winfield
Subject: Re: Alexander Fulton

Thank you for the update. Good luck. In order to remain totally transparent I want to inform you that we have been approached by an individual who claims to own 10, plus hotel/motel properties expressing interest in purchasing the hotel. He and his partner met with me Thurs. I gave them a copy of the term sheet. They advised that they would get back to me as soon as they have studied the doc.

Sent from my iPhone

> On Jun 10, 2014, at 9:46 PM, "Reggie Winfield" <reggie@windfeelproperties.com> wrote:

>

> I'm awaiting two new bids for the renovation. One from Core Construction and another from David Luperelo. David is a smaller contractor but he's built 5 hotels which he currently still owns. Core will have greater capacity, but I'm anticipating significant savings with a smaller contractor who knows hotels. Core recently successfully lobbied the state legislature to permit the State to accept CMAR bids for construction projects funded by the state. CMAR is an acronym for Construction Management At Risk. CMAR allows a contractor to basically partner with a developer, building owner, government entity to bid based on bridging documents as opposed to a design build concept or traditional by means. This could be very beneficial to me, because Core would like to be able to say that they actually participated in CMAR project in LA. Nevertheless, I'm at least two weeks out from them completing their estimates.

>

> Once I have "hard" renovation numbers (hopefully better than what I currently have) then it's back to the CPA to determine how to structure the sale with the city so that it can meet USDA guidelines. The lower appraisal does present some challenges, but doesn't close the door on me moving forward.

>

> So to answer your question, I'm at least two weeks out in being able to have any meaningful discussions with you.

>

> As I mentioned before, I may have another resource for the FF&E portion of financing (sec. 108). I should know something on that next week. However, in hedging my bets, I did ask Blake with RR if they would consider. They may have some interest if the city would get behind it in some way. That may not be necessary, but I did want to mention it.

>

> RDW

>

> -----Original Message-----

> From: Albin Provosty [<mailto:Albin.Provosty@cityofalex.com>]

> Sent: Tuesday, June 10, 2014 12:48 PM

> To: Reggie Winfield

> Subject: Alexander Fulton

>

> Thank you for providing us with a copy of your appraisal. Please send me a date on which we can get back together to discuss your decision.

>

> Sent from my iPad

TAB 6

Albin Provosty

From: Albin Provosty
Sent: Thursday, September 25, 2014 1:27 PM
To: Reggie Winfield
Cc: Charles Johnson
Subject: Re: checking status

As Mr. Johnson and I told you in our most recent conversation, the City was very close to reaching a firm agreement with a third party for the sale by the City to a 3rd party which would redevelop the hotel and convention center into a full service, nationally franchised, hotel at a level of a Holiday Inn "green flag." All terms of a CEDA under which the redevelopment will occur have been reached.

Sent from my iPad

On Sep 25, 2014, at 12:18 PM, Reggie Winfield <reggie@windfeelproperties.com> wrote:

Gentleman,

Just checking the status of your ongoing negotiations.

Reggie D. Winfield, CCIM

Broker

Licensed by the Louisiana Real Estate Commission

Windfeel Properties

603 St. Joseph Street

New Orleans, Louisiana 70130

504-821-2001 ext. 100

504-975-8262 cell

877-863-6098 fax

www.windfeelproperties.com

<image001.jpg>

TAB 7

**(Revised) Term Sheet for Operation and Lease-Purchase of the
Alexander Fulton Hotel and Convention Center**

Purpose:

The City of Alexandria ("Alexandria" or the "City") has engaged in offering for sale the Alexander Fulton Hotel and Convention Center (the "Fulton"). Through several potential agreements and offered cooperative endeavors, Alexandria has attempted various forms of fair-market sales, with performance incentives to protect the related hotel assets, and, most particularly, the Alexandria Riverfront Center ("ARC"). See attached Term Sheet of January 30, 2013, incorporated verbatim here by reference.

Alexandria is a municipal corporation, with territorial limits located in the Parish of Rapides, State of Louisiana. The current developer-proposer is DISCOUNT REALTY, L.L.C. D/B/A WINDFEEL PROPERTIES, a limited liability company organized and existing under the laws of the State of Louisiana, represented by its Manager, Reggie D. Winfield (hereinafter at times, "NewCo").

Introduction to Process:

A final Memorandum of Understanding ("MOU") completing all outstanding terms shall be received by **Thursday, May 22, 2014, by 4:30 p.m., C.S.T.** That "process" is attached or forwarded with this Term Sheet as contained in the executed letter of April 25, 2014, between Albin Provosty and Reggie Winfield, requiring that developer shall inform Alexandria on or before **May 15, 2014**, of the name of the national hotel franchisor it will submit an application to for a franchise license to operate the Fulton as a full service hotel. Additionally, developer shall provide to Alexandria on or before **May 15, 2014**, the exact amount stated in dollars for total capital expenditure (the "CapEx"). The CapEx shall be the final, vetted number upon which developer asks Alexandria to base its final determination of incentives.¹ On or before **July 15, 2014**, a franchise shall have been applied for and certified to Alexandria. On or before **July 15, 2014**, the CEDA shall have been executed by the parties. By way of background, the process recognizes:

¹ The CapEx may also be the defined CEDA term known as the "Hotel and Convention Center Facility's Project Costs."

- Alexandria is the owner of a certain tract or parcel of ground together with all improvements located thereon, being more particularly described as follows:

A certain tract or parcel of land, together with all buildings, additions and improvements thereafter located thereon and all tenements, hereditaments, servitudes, appurtenances, easements, estates, rights, privileges and immunities thereto belonging or appertaining and all appurtenances, appliances, furnishings, fixtures, machinery, apparatus, equipment and attachments, including all immovables by nature, destination or declaration, hereafter forming a part of or attached to or located thereon situated in the City of Alexandria, Parish of Rapides, State of Louisiana and located between and bounded by Jackson Street, Fifth Street, Main or Second Street and Fourth Street in the City of Alexandria and being shown as Squares or Blocks Fourteen (14), Fifteen (15), Twenty-Two (22) and Twenty-Three (23) of the upper suburbs of the City of Alexandria on a plat by Sylvester recorded in Plat Book 4 at Page labeled 147A and being more particularly shown on a (a) Boundary Survey and Parcel Ownership Map entitled "Convention Center/Hotel Complex Alexandria, Louisiana" prepared by Daigre Engineers, Inc. dated February 23, 1982, a copy of which is on file and of record in Plat Book 18 at Page 88 of the official records of the Clerk and Recorder of the Parish of Rapides, State of Louisiana and (b) plat of survey by Pan-American Engineers-Alexandria, Inc. dated July 10, 1996, revised August 23, 1996 and August 24, 1996 and being more particularly described as follows:

Begin at a point in Block or Square 22 of the upper suburbs of the City of Alexandria, Louisiana, where the right of way line of Fisk Street intersects the right of way line of Fourth Street and thence proceed along the right of way line of Fisk Street North 43 degrees 49 minutes East a distance of 213.32 feet to a point and corner; thence proceed along the right of way line of Third Street South 46 degrees 59 minutes East a distance of 106.66 feet to a point and corner; thence proceed North 43 degrees 49 minutes East a distance of 266.65 feet to a point and corner on the right of way line of Main (Second) Street; thence proceed South 46 degrees 59 minutes East a distance of 373.31 feet to a point and corner at the intersection of the right of way line of Main (Second) Street and Jackson Street; thence proceed South 43 degrees 49 minutes West a distance of 213.32 feet to a point and corner; thence proceed North 46 degrees 59 minutes West a distance of 80.5 chains to a point and corner; thence proceed South 43 minutes 49 minutes West a distance of 155.83 feet to a point and corner; thence proceed North 46 degrees 59 minutes West a distance of 26.16 feet to a point and corner; thence proceed South 43 degrees 49 minutes West a distance of 50.82 feet to a point and corner; thence proceed South 46 degrees 59 minutes East a distance of 20.66 feet to a point and corner; thence proceed South 43 degrees 59 minutes West a distance of 60 feet to a point and corner; thence proceed along the right of way line of Fourth Street North 46 degrees 59 minutes West a distance of 393.97 feet to the point of beginning of the property herein described, less and except that certain 0.383 acre tract shown on the survey of William J. Wood, Jr., a copy of which is filed and recorded in Conveyance Book 1433 at Page 951 and that certain 0.176 acre tract shown on the survey by William J. Wood, Jr., a copy of which is filed and recorded in Conveyance Book 1433 at Page 953 of the Rapides Parish records, referred to as "the Property."

- The improvements located on the Property are a hotel, a convention center, a restaurant and public and private meeting spaces.
- Windfeel is engaged in and is experienced in the business of managing property.
- Alexandria contracted to allow Windfeel to operate, maintain and manage the Fulton as a

continuous operation and to conduct all of the day-to-day continuous activities of the Fulton as a going concern.

- Windfeel and Alexandria have engaged in extensive discussions about the interest Windfeel has to acquire the Fulton and to renovate it to the condition that would meet or exceed the minimum required condition of a franchised hotel.
- **Note well:** The final tract description of the property and improvements will require verification of areas Alexandria may be retaining for public use.
 - Following a current survey, utility rights of way may be reserved. Those unknown may require reservation as well.
 - Attachments to the ARC are reserved insofar as overhangs or variances exist.

Terms and Conditions:

Alexandria will consider the following Terms and Conditions, subject to claw-backs and the fulfillment of certain suspensive and resolutive conditions, as the beginning points of negotiation for the lease-purchase of the Hotel:

General

1. As to all material in this Term Sheet, you understand this Term Sheet in no way constitutes an agreement, and is merely a recitation of the goals of a potential plan in achieving a binding agreement with Alexandria. Specifically, you understand until a valid ordinance is adopted, allowing for a contract, which is then negotiated and executed, any discussions, Term Sheets, or MOUs are merely expressions of possibility. However, once the developer executes the contemplated final MOU discussed herein, the developer is bound to those terms should council approval be obtained and execution by the mayor occur.

Incorporation of January 30, 2014 Term Sheet, April 25, 2014 Letter, and Provision of Additional Terms

2. Alexandria incorporates by reference as if fully stated herein all terms contained in the January 30, 2013 document titled, "**Operation and Lease-Purchase of the Alexander Fulton Hotel and Convention Center.**" The letter dated April 25, 2014, is also provided and incorporated.
3. **OTHER INFRASTRUCTURE COMMITMENTS:** Paragraph 5 of the January 30, 2013 Term Sheet shall be modified to reflect the following addition: "Such activities may include aid to the Community College Initiative and façade infrastructure enhancements in the approved area, or within SPARC-CRA-1, downtown Alexandria."
4. **ADDITIONAL SPECIFIC TERMS:** Paragraph 6 of the January 30, 2013 Term Sheet shall be modified to reflect the following addition: In item 6(e), add a final sentence as follows: "Alexandria shall execute or cause to be executed all such documents and transactions with the proper parties to effect a Section 108 Community Development Block Grant loan guarantee in

the amount of \$[y]00,000; provided, however, that at the earlier of “objectively determinable availability” or completion of funding the CapEx and completing the PIP, NewCo shall refinance the entire transaction and complete any and all payments owed to Alexandria.”

- a. **Note well:** Subordination of Alexandria’s lien to the principal amount of a loan behind the principal accessory agreement (i.e., the 1st Mortgage) shall not exceed that which Alexandria deems appropriate for proper debt coverage as related to the CapEx, i.e., any subordination agreement shall subordinate the City’s vendor’s lien and privilege, any resolatory condition and any special mortgage granted by NewCo and retained by Alexandria in any deed encumbering and affecting the Fulton and all its tracts but only to the extent of an amount that does not exceed the first mortgage indebtedness, tied to the CapEx.
 - b. The subordination agreement shall further provide that in the event of a public or private sale of the Fulton by foreclosure, bankruptcy, or other proceeding, Alexandria shall be paid all of the sales proceeds from such a public or private sale that exceeds the dollar sum described in the defined term of the CEDA known as the “first mortgage indebtedness.”
 - c. These features shall be designed to protect the refinance requirement and preclude NewCo from financing a portion of the transaction causing ineffective collateralization by having an open-ended loan and mortgage amount not sufficiently tethered to the CapEx.
 - i. There shall be no developer costs in front of Alexandria’s reimbursement and the contemplated required refinancing.
 - ii. The Fulton shall not be pledged as collateral to any other transactions of NewCo or any principal or Affiliate, as defined later, until Alexandria is made whole.
5. **OTHER CONDITIONS:** These are the universal terms that must be assented to for purposes of any CEDA:
- (a) During the terms of the CEDA, neither Windfeel nor any Affiliate Entity shall either directly or indirectly operate or manage a hotel within Rapides Parish, Louisiana, without Alexandria’s prior written approval.
 - (b) In the event any portion of the CEDA is declared to be invalid by order, decree or judgment of a court, or governmental agency having jurisdiction, the CEDA shall be construed as if such portion had not been inserted therein, except when such construction would operate as an undue hardship on Windfeel or the City or constitute a substantial deviation from the general intent and purpose of such parties as reflected in the CEDA.
 - (c) Nothing contained in the CEDA shall be construed to create a partnership or joint venture or relationship of landlord and tenant between the City and Windfeel with respect to the Fulton, unless a lease is elected as an option. Notwithstanding anything to the contrary

contained herein, Windfeel shall perform management functions for Alexandria in the operation and maintenance of the Fulton as a management agreement, not a lease.

- (d) In the event any party hereto institutes legal action against the other to interpret or enforce the CEDA or to obtain damages for any alleged breach thereof, the prevailing party in such action shall be entitled to an award of reasonable attorney fees.
- (e) Windfeel may not assign its interest in the CEDA, except for the occupancy of guests of the Fulton and use to the lounge-bar area, under the CEDA or any rights or duties thereunder to any entity or person without the prior written consent of Alexandria, which consent the City may withhold in its sole unlimited discretion.
- (f) The City and Windfeel acknowledge the CEDA is wholly for their own benefit and no third party shall have any rights or claims thereunder nor is it intended that any third party shall be a third party beneficiary of any provisions thereof.
- (g) The CEDA shall be governed by and construed in accordance with the laws of the State of Louisiana. Any and all claims, demands, actions, causes of action, suits or proceedings shall only be brought in the Ninth Judicial District Court of the State of Louisiana or in the United States District Court for the Western District of Louisiana, Alexandria Division.
- (h) As used in the CEDA and this term sheet, "Affiliate" shall mean (a) any Person that, directly or indirectly, controls or is controlled by or is under common control with such Person, (b) any other Person that owns, beneficially, directly or indirectly, fifty percent or more of the outstanding capital stock, shares or equity interests of such Person, or (c) any officer, director, employee, partner, manager, member or trustee of such Person or any Person controlling, controlled by or under common control with such Person (excluding trustees and Persons serving in similar capacities who are not otherwise an Affiliate of such Person). For the purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, partnership interests or other membership or equity interests, by contract or otherwise. **Note well:** The franchise must be maintained with a franchisor acceptable to Alexandria for the period of time any obligation is owed from the Fulton to Alexandria, regardless of whether an Affiliate becomes involved.

These terms are acceptable to DISCOUNT REALTY, L.L.C. and are executed by Windfeel on the ____ day of May, 2014.

DISCOUNT REALTY, L.L.C.
D/B/A WINDFEEL PROPERTIES

BY: _____
REGGIE D. WINFIELD
Manager

TAB 8



April 25, 2014

Discount Realty, L.L.C. D/B/A Windfeel Properties
701 4th Street
Alexandria, LA 71301

Attention: Mr. Reggie D. Winfield

RE: Professional Services Agreement – Alexander Fulton Hotel & Convention Center

Dear Mr. Winfield

Pursuant to the agreements made at the meeting between you on behalf of Discount Realty, Mr. Chuck Johnson, City Attorney, Mr. Joe Page, Chief of Staff, and me at our meeting of this date, this serves to confirm the following:

1. Discount Realty will inform the City of Alexandria (City) on or before May 15, 2014 of the name of the national brand franchisor it will submit an application to for a franchise license to operate the Alexander Hilton Hotel and Convention Center (Fulton) as a full service hotel.
2. Discount Realty will inform the City of the capital investment it will make in the Fulton to satisfy the PIP required by the national hotel franchisor to receive the license to operate the Fulton.
3. The date by which Discount Realty will submit an application for a franchise license to the national Hotel Franchisor is extended to July 15, 2014. See: Article III, Section 3.01(1)
4. The date on which Discount Realty shall have entered into a Cooperative Endeavor and Development Agreement with the City containing the terms of the sale and purchase of the Fulton is extended to July 15, 2014. See: Article IX, Section 10.04(2)

Please sign and return to me the enclosed copy of this letter confirming your understanding of the agreements reached at our meeting of this date.

Respectfully,
City of Alexandria, Louisiana

By: Albin A. Provosty
Executive Counsel to Mayor
Jacques M. Roy

Accepted:

Discount Realty
By: Reggie D. Winfield

Date

Jacques M. Roy
Mayor



Office of the Mayor
Post Office Box 71
Alexandria, Louisiana 71309-0071
Tel (318) 449-5000 · Fax (318) 449-5229
e-mail: aboddie@cityofalex.com

TAB 9

Albin Provosty

From: Albin Provosty
Sent: Wednesday, May 14, 2014 9:01 AM
To: Reggie Winfield
Subject: Re: Fulton Hotel Incentives

Very disappointed with below. On way to B.R.. Will call when can.

Sent from my iPhone

On May 14, 2014, at 6:38 AM, "Reggie Winfield" <reggie@windfeelproperties.com> wrote:

As mentioned before the renovation cost is bit more than anticipated. Nevertheless, the project can still work. I've attached my updated proforma which is actually much more conservative than the data in my feasibility study. I'll explain later why I revised downward the projections. In order make the deal work, I'm exploring scaling the renovating down to 100 rooms instead of 128. There's only about \$630k in savings by doing this, but it may make sense in the long run. Either way, my updated proforma takes in to account both 100 and 128 rooms. Also, I factored in the property tax equalization offered in the CEADA. Without this incentive, it is impossible to meet the necessary DSCR (debt service coverage ratios) established by most lending institutions.

Furthermore, in my opinion the below incentives will be necessary for this deal to work.

- \$1,000,000 gift of the building—I'm uncertain on structure-open to soft mortgage that wouldn't effect DSCR—May also be necessary to meet USDA equity requirement on balance sheet. I'll explain why the original \$3M structure adversely affects the lending probability tomorrow.
- The property tax equalization will stay in effect for no less than 15 years, instead of 5.
- A grant in the amount of \$45k from GAEDA (Greater Alexandria Economic Development Association).
- A 1.5 million dollar loan via the HUD section 108 loan guarantee. The loan to be requested from the USDA will be \$6.7M and another \$1.5M from the city of Alexandria. With an \$11.7M after renovated value the LTV would be 70%, and the reach an 80% LTV the value would have be \$10,250,000.
- Utilization of ½ of percentage that's already offered in advance.
- Utility cost at the City of Alexandria's cost plus the minimal amount necessary to be in compliance.
- Partner with community college and/or high school for paid training for students interested in HRT (hospitality, restaurant, tourism). Actually we want to do this either way but it could under the direction of the City.

I will have simple print outs of the above tomorrow along with a breakdown of the development cost, but this will give you an advance on the topics I would like to discuss. I'm uncertain how detailed the conversation can be while the USDA is present. Nevertheless, the city's participation strengthens the likelihood in the USDA's participation, so my loan broker thinks it is absolutely paramount to have them their tomorrow.

Again thank you and your team and of course Mayor Roy for your continued support in this endeavor.

Reggie D. Winfield, CCIM
Broker

Licensed by the Louisiana Real Estate Commission

Windfeel Properties

603 St. Joseph Street
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<Fulton Updated Proforma.pdf>