

October 23, 2014

Mr. Michael Leash
Rapoza Development Group
306 Court Street
The Dalles, OR 97058

RE: TPG Hospitality Letter of Intent
Proposed Hilton Garden Inn, The Dalles

Dear Mr. Leash,

On behalf of TPG Hospitality, please accept this Letter of Intent for both Technical Services/Pre-Opening Services and Hotel Management Services for Rapoza Development Group's review and acceptance as the Owner of the to-be-developed Hilton Garden Inn, The Dalles, OR. We look forward to working with Rapoza Development Group on this exciting new project and will provide our services and assistance on the terms outlined as follows:

- Management Term:** Initial term of two (2) years with a single three (3) year option to extend upon mutual consent.
- Base Management Fee:** Three percent (3%) of gross revenues the term.
- Incentive Management Fee:** The Incentive Management Fee will be equal to 15% of the excess GOP over and above the Annual Budget.
- Termination Rights:** Owner may terminate Operator upon sale of the asset or default of Operator under the terms of Management Agreement. In the event of a termination on sale occurring within 24 months of the Certificate of Occupancy, Operator shall receive a termination fee equal to the amount necessary to compensate Operator for 24 months of projected fees from the Commencement Date.
- TSA & Pre-Opening Fees:** TPG will commence Technical Service consultations 18 months prior to the anticipated opening date and receive a Technical Services consulting fee as follows: commencing at 18 months prior to the anticipated opening, \$10,000/ month. TPG will commence pre-opening consultations six (6) months prior to the anticipated opening date and receive a pre-opening consulting fee as follows: commencing at six (6) months prior to the anticipated opening, \$5,000/ month.

Working Capital:

Owner shall provide adequate working capital to ensure operator has sufficient funds to satisfy operational obligations of the property. It is anticipated that a working capital account in the amount of \$150,000 should be maintained with Operator, however this will be confirmed with Owner

Mr. Leash, upon receiving a counter signed copy of this Letter of Intent we will proceed to drafting and finalization of a Pre-Opening & Technical Services Agreement and Hotel Management Agreement. We look forward to hearing from you.

Sincerely,



Gary Gray
Senior Vice President
TPG Companies / TPG Hospitality

Agreed to and Accepted By:

Rapozo Development Group

By: _____

Its: _____

Date: _____

C: Paul Sacco
Jens von Gierke