

July 21<sup>st</sup> 2016

Mr. Tom Markus  
City Manager  
6 E 6<sup>th</sup> Street  
Lawrence, Ks 66044

Dear Tom:

Thank you for taking the time to meet with us on Monday regarding our proposed Hotel project on East 23<sup>rd</sup> Street. After careful consideration, we think the best option for the project is to acquire the city owned land directly north of the existing Don's steakhouse lot. This would not require costly street, sewer or water improvements that would restrict our ability to properly develop the properties. An engineers rendering of the proposed site plan is included for your use.

We have reviewed the appraisals provided by Aul Appraisals including the additional information requested by the City. These appraisals range in values from a negative value as is, to values as high as \$2.44 per square foot if zoned commercial and all improvements are completed. In order to get this project moving forward we are prepared to make the City what we consider a very fair offer. The area we would request is approximately 63,000 square feet and our offer would be \$1.19 per square foot or approximately \$75,000.

Here is some information we believe to be important for the City to consider when evaluating this offer.

1. This is the gateway to our city on its most traveled entrance. As is, these properties are run down and don't leave the best first impression of our city. They have all been for sale for at least 8 years with no serious offers. They are presently vacant or rented out at a fraction of their appraised value. Pictures of the existing conditions are included for your use.
2. The proposed Hotel would be an extended stay property from one of the largest hotel groups in the country with major group bookings and points programs. There will also be space available for a restaurant to serve the community. Pictures are included.
3. Presently, the property taxes on our 23<sup>rd</sup> street buildings are less than \$14,000 per year. The city receives no property taxes on their property. The estimated value on the hotel will be \$6.5-7.5 million increasing taxes at least ten fold and the restaurant could add another 2 million in value. In addition, a spreadsheet of occupancy and sales taxes is included for your use.

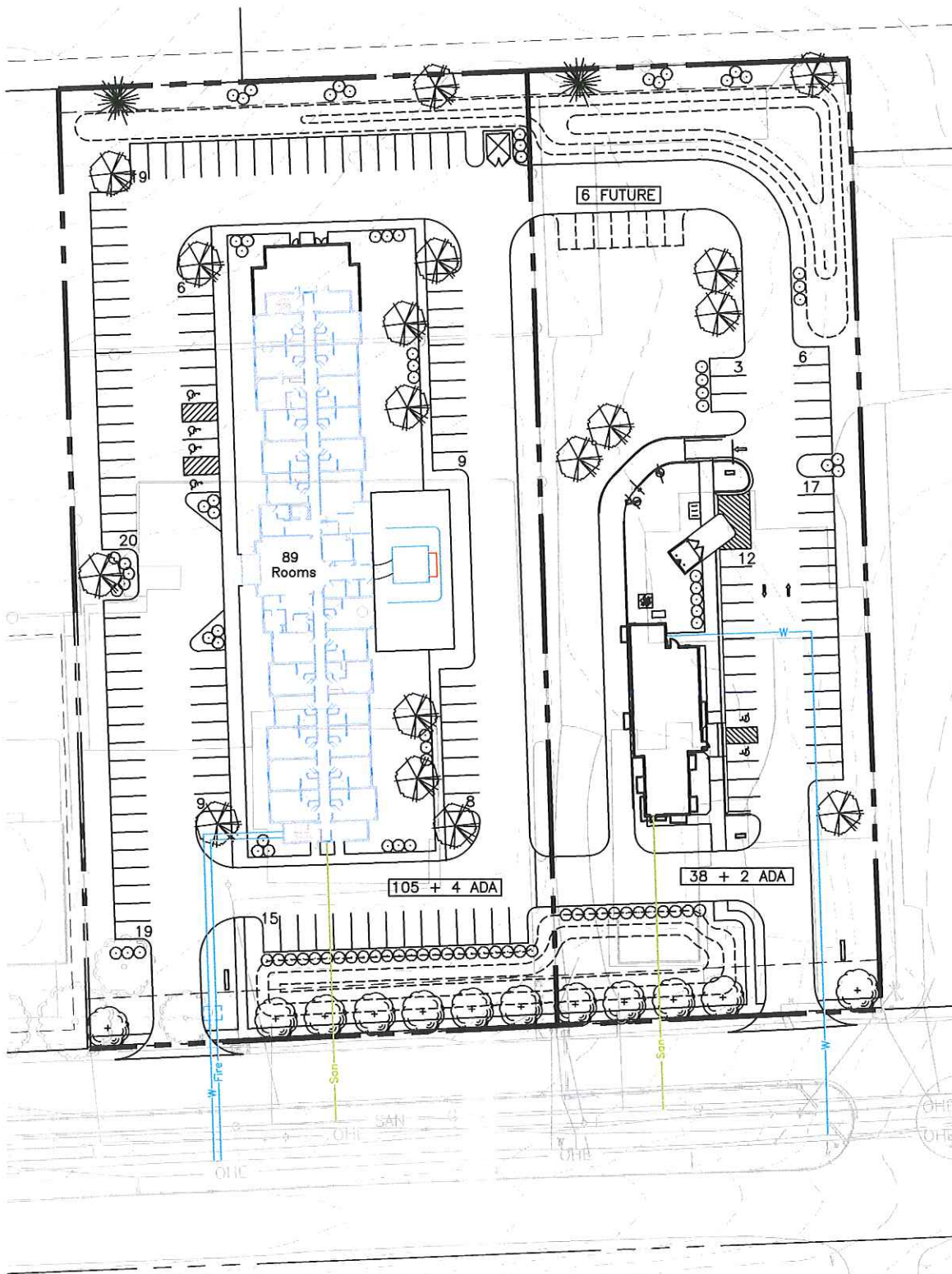
4. This part of the city is under served with hotels and restaurants. Our properties will be the closest service to Baldwin, Eudora and the entire southeast quadrant of the city. We will also be an asset to East Hills Business Park and Venture Park. Many travelers visiting these businesses are closer to Lenexa than to the hotels presently in Lawrence.

In summation, we propose to offer \$1.19 per square foot for approximately 63,000 square feet of City property contingent on our final approval by IHG of the proposed project. They require that we have an agreement in place to acquire the proposed site before final consideration of our application is approved. Time is of the essence if we hope to break ground before winter. We are available to answer any and all questions the City and Commissioners may have. Thank you for your consideration.

Mark Gwaltney



Manager  
Cave Inn LLC



























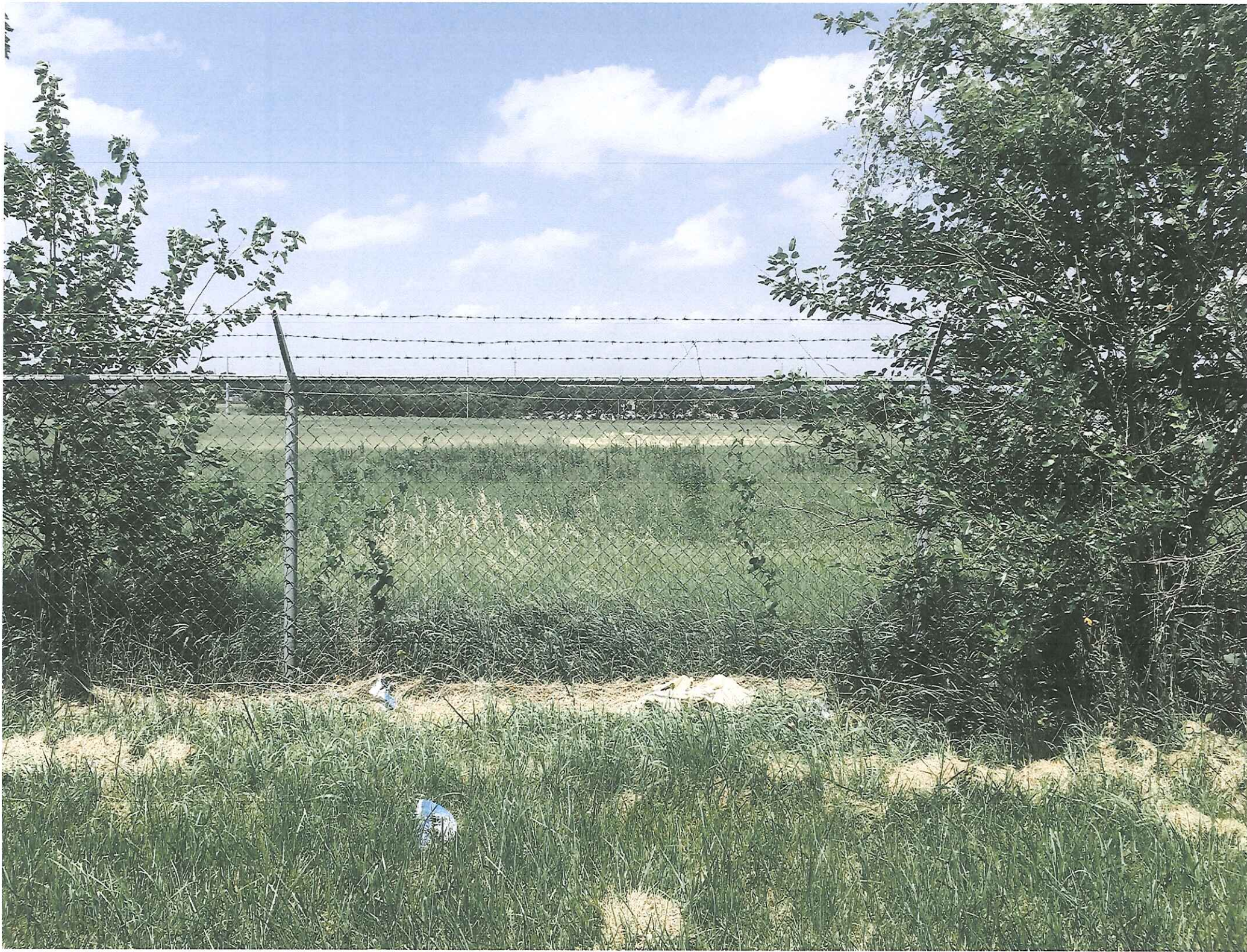


















## Five Year Summary

**Hotel and Suites Lawrence**[illegible]