

PIAZZA

HOSPITALITY

Paolo Petrone
Piazza Hospitality
September 26, 2023

Kari Svanstrom
Planning Director
City of Sebastopol

Re: Hotel Sebastopol

Dear Kari,

I'm writing with an update on the Hotel Sebastopol project. As you know, we pulled our building permit on September 29th of 2022, which means it is considered active and valid until the same date this year. This past Monday September 25th, we completed some minor trenching work and called for an inspection, which will extend the permit's validity six months as we continue to progress on securing project financing.

We have a signed term sheet and have completed the due diligence phase of closing on our construction loan. However, because our loan package includes funding through a USDA program, federal environmental approval is required for the project. The most time-consuming portion of this process has been getting federal sign off on our archeological recovery plan.

Unfortunately, the relevant federal agencies and their consultant team are very backlogged, and our final approvals keep getting pushed back. We are hoping they can provide us with a reliable timeline for environmental clearance and loan approval in the next two months. Even so, we have made good, if slow, progress thus far and have draft agreements in place as it relates to archeology. Once these agreements are finalized and executed, we will be able to close on our loan and move towards preconstruction site activities, including a required archeological evaluation.

In the meantime, we have progressed with our applications with PG&E and Caltrans, both of which are time-consuming and will be good to get completed before the lion's share of the construction work begins. We have also continued to refine the indoor spaces of the hotel, and programmatic offerings.

While we've been thrown many curveballs as we've moved through the development process, we remain committed to the project, as evidenced by our investment to date and continued work.



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Please don't hesitate to reach out should you have any questions about the project or the status of our financing. We look forward to celebrating groundbreaking with you all.

Sincerely,

Paolo Petrone

Paolo Petrone (CEO, Piazza Hospitality)