

Josh Eggleston

Chief Financial Officer, City of Salem

555 Liberty St. Salem, OR 97301

Re: Holman Hotel, TOT/STPA Tax

Dear Josh,

I am writing to formally request a 60-day extension on the payment of Transient Occupancy Taxes (TOT) and STPA tax as well as a waiver of any associated penalties due to unexpected financial strain caused by an excessive property tax assessment by the Marion County Tax Assessor's Office.

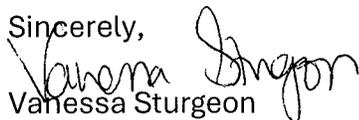
When we developed The Holman Hotel, our independent appraiser projected a property tax obligation of approximately \$225,000. However, the County Assessor initially assessed our property tax at \$606,042—far exceeding reasonable expectations. Upon raising our concerns, the Assessor's Office acknowledged an error and revised the tax amount to \$512,260. While this reduction is appreciated, it remains disproportionately high, exceeding even the per room Real Market Value (RMV) of the Ritz-Carlton in downtown Portland—a hotel with an average daily rate more than twice that of The Holman.

Despite the success of the Holman, Hilton's nationwide New Build of the Year for 2023, this drastic and unanticipated increase in our property tax liability has impacted our ability to refinance out of the high interest rate construction loan and into a standard permanent loan with much lower pricing. Given these extenuating circumstances, we respectfully request a 60-day extension on our TOT and STPA tax payments for the months of December and January and a waiver of penalties to allow us the necessary time to adjust our financial planning accordingly.

We are committed to fulfilling our tax obligations and maintaining a strong partnership with the City of Salem. We appreciate your consideration of this request and would welcome the opportunity to discuss this matter further at your convenience. Please let us know if any additional information or documentation is required.

Thank you for your time and understanding. I look forward to your response.

Sincerely,

  
Vanessa Sturgeon