



12/21/09 mun  
RECEIVED BY  
HAND-DELIVERY  
9:18 AM

321 Center Street Ludlow, MA 01056  
Tel (413) 589-9300 • Fax (413) 547-0488  
www.pvhg.com

Northampton City Council Members  
City of Northampton  
City Hall  
210 Main Street, Room 18  
Northampton, MA 01060

You have by now no doubt heard that our hotel project needs another extension of the purchase agreement for us to get to completion. I am writing for three reasons: (1) to respectfully ask for your support for extending the agreement (2) to fill you in on where we are and (3) to offer you the opportunity to contact me with any questions.

There is no question this project has had a long road. We have extended this contract several times already. The first few times we extended the contract was because of the extremely complicated negotiations with Baystate Gas in order to allow for the return of this site to productive, taxable use. As you know, this is the largest Brownfields site in western Massachusetts.

The next situation we faced was that by the time the negotiations with Baystate gas were successfully concluded, the economy had tanked and financing for hotel construction had disappeared.

I am happy to report that we have solved both of those issues. An agreement with Baystate gas is in place. Financing, including \$4 million of equity, is also in place.

The only issue remaining open is the question of a bond for the project. Because a number of insurance companies have been hurt by claims on completion bonds, the process of getting one is much tougher than anyone could have anticipated back in 2007.

Back when the Purchase and Sale Agreement was signed, we were all of the assumption we would ultimately use the "third party agreement" option in the Purchase and Sale Agreement to substitute for a bond. Although we did some "testing" of the market for bonds, we did not press the issue.



BY CHOICE HOTELS

321 Center Street  
Ludlow, MA 01056  
Tel: 413-589-9300  
Fax: 413-547-0488



237 Russell Street  
Hadley, MA 01035  
Tel: 413-584-9816  
Fax: 413-586-7512



24 Bay Road  
Hadley, MA 01035  
Tel: 413-586-4851  
Fax: 413-586-8619



CONFERENCE CENTER

260 Main St.  
Northampton, MA  
Tel: 413-231-7540  
Fax: 413-387-0039



321 Center Street Ludlow, MA 01056  
Tel (413) 589-9300 • Fax (413) 547-0488  
www.pvhg.com

Northampton recently hired new outside counsel. We have now been told that a bond for the full \$12MM is imperative. Our conversations have indicated that one of the reasons they are concerned is based upon what happened with the Filene's development in downtown Boston.

I am optimistic we will be able to get a bond at some level. Whether we can get it for the whole \$12MM, I do not know. As we have explained to counsel unsuccessfully, there are a number of reasons why insisting on a bond for the whole construction amount is unnecessary. There are a number of reasons why this is not the Filene's development and does not have the same risk. Among them are:

- This is not the first hotel we have built. It will be the third.
- We have arranged an absolute, fixed-price construction contract. The price of the construction cannot go up.
- We have also obtained a bond for the construction contract so that if anything happens and the contractor cannot complete the project for the fixed price, the bond will kick in.
- Our arrangement with the bank means that \$4 million of our money will be in the ground before the first dollar comes from the bank. Even if something were to happen, there will be \$4 million worth of equity into the project that will not be going anywhere.

We are not a large institution from another state with Northampton as a balance sheet entry. We are of and in this community. This project is our only project. This project is our family's future, as much as it is Northampton's future.

Northampton will benefit from this project as much as our family needs this project. Losing this project is not only a loss to our family; it will be a loss to the City as well. This site will not be developed for a number of years costing Northampton tax revenue and jobs.



BY CHOICE HOTELS

321 Center Street  
Ludlow, MA 01056  
Tel: 413-589-9300  
Fax: 413-547-0488



237 Russell Street  
Hadley, MA 01035  
Tel: 413-584-9816  
Fax: 413-586-7512



24 Bay Road  
Hadley, MA 01035  
Tel: 413-586-4851  
Fax: 413-586-8619



CONFERENCE CENTER

260 Main St.  
Northampton, MA  
Tel: 413-231-7540  
Fax: 413-387-0039



321 Center Street Ludlow, MA 01056  
Tel (413) 589-9300 • Fax (413) 547-0488  
www.pvhg.com

To get this project done we need additional time to complete the bond application process. We may also need to make a decision about how much bond is really needed to get this project done. This decision is an executive decision; not the province of lawyers.

I am happy to meet with you whenever and where ever you wish and provide you with any other information you need. I hope to hear from you. I look forward to the grand opening of this project for the mutual benefit of our family and city.

Sincerely,

Shardool Parmar  
President  
Pioneer Valley Hotel Group  
321 Center St.  
Ludlow, MA 01056  
413-231-7540  
sparmar@pvhg.com



BY CHOICE HOTELS

321 Center Street  
Ludlow, MA 01056  
Tel: 413-589-9300  
Fax: 413-547-0488



237 Russell Street  
Hadley, MA 01035  
Tel: 413-584-9816  
Fax: 413-586-7512



24 Bay Road  
Hadley, MA 01035  
Tel: 413-586-4851  
Fax: 413-586-8619



CONFERENCE CENTER

260 Main St.  
Northampton, MA  
Tel: 413-231-7540  
Fax: 413-387-0039