



HILL TOP HOUSE HOTEL

HARPERS FERRY, WV

West Virginia Development Office (WVDO)
Deputy Executive Director Todd Hooker
1900 Kanawha Boulevard East
Building 3, Suite 600
Charleston, WV 25305

May 3, 2021

Dear Deputy Executive Director Hooker:

On March 11, 2021, the Rules & Regulations for implementation of the Tourism Development District Act (TDD), became effective.

On Monday, April 5, 2021, the Harpers Ferry Town Council approved a Town Ordinance that outlined a negotiated agreement enabling SWaN to purchase the paved and paper streets within and bordering the Hill Top Hotel Site from the Town of Harpers Ferry. This sale makes the hotel development project financeable and allows for certain still-to-be-designed structures that need to be built under the streets. It also provides for the building and maintenance of the streets themselves, the placement of underground utilities, and enables continuity of property to comply with the WV ABC laws. These two recent milestones have paved a path forward for the Hill Top House Hotel vision to become reality.

As a result, the Hill Top House Hotel is now applying for one of the five allowed tourism districts under the TDD. The establishment of this district and the completion of this project will result in increased prosperity for the Town of Harpers Ferry, Jefferson County, the Eastern Panhandle and the State of West Virginia.

While the Main Hotel will be a new building, it is our intention to honor the legacy of the hotel's founder, Thomas S. Lovett, and the Vernacular Shingle historical architectural style of the 1914 version of the main hotel building, as popularized by McKim, Mead & White and designed by Ernest C.S. Holmboe and Robert C. Lafferty, which was rebuilt after its first fire. The top floor of the hotel and its iconic turret "high hat" was never fully rebuilt after the second fire of 1919. To maintain continuity with the past, we plan on disassembling and re-using the stones of the southern and eastern walls of the hotel, as well as its iconic turret, in roughly the same architectural locations in the new design with a similar style of mortar presentation.

Early in the last century, the hotel was known not only as a gateway to West Virginia but also as one of the best resorts on the East Coast. It hosted luminaries such as W.E.B. Dubois, Mark

Twain, Alexander Graham Bell, Pearl Buck, and Carl Sandburg, who included the hotel in a poem. In addition, almost every president from Wilson to Clinton visited the hotel.

Included in the hotel's campus are several historic Armory Houses, some with deeds originally signed by Jefferson Davis. We have begun stabilizing and restoring these historic houses according to state historic guidelines, and we plan on using these in the operation of the hotel.

We have agreed to maintain permanent public access by pedestrian easement to the Promontory Overlook of the confluence of the Potomac and Shenandoah Rivers on the east end of the property, and we have agreed to preserving the approximate height and experience now enjoyed by the public. It is also our intent to provide standard and handicap parking for visitors to the property, as well as certain safety enhancements.

In consultation and with the participation of the Town, we will attempt to build a trail from the Lower Town section of Harpers Ferry to the Promontory Overlook to facilitate additional daytime access to the eastern Overlook. The Overlook itself will generally be open 24 x 7, however the trail will not be lighted and, therefore, will only be open dawn to dusk. While this agreement is at our option, it is our intention to commence the planning and building process with all due haste to help minimize the amount of time that the Overlook is inaccessible to the public.

We agreed to place the trails and slopes surrounding the hotel property in conservation easement(s) as well as adhere to noise and lighting requirements. We agreed to design the buildings so as to seek LEED certification. We also agreed not to include certain properties and homes that we own adjacent to the hotel property into the TDD.

Our TDD application is substantially based on the documents created to complement the 2018 Hill Top House Hotel Concept Plan, with a then projected completion date of 2021, including those submitted for the Tourism Development Act (TDA) credit which was approved by WVDO in November 2019. This Concept Plan was also approved by the Harpers Ferry Landmarks Committee and the Harpers Ferry Planning Commission in 2018.

During the most recent three-year delay, which included a 14-month period in which the municipal election was not resolved, followed by the global pandemic that substantially changed the national economic situation, we continued to receive input from multiple project managers, engineers, architects, and hotel developers, as well as town residents. Our Refined 2018 Concept Plan incorporates certain changes to assure financial viability and to satisfy as many constituencies as possible. Specifically:

1. We are reducing the excavation and the gross footprint of the project by eliminating the structure at the southeast of the Main Hotel Building called the "Crescent Walkway," which contained underground meeting rooms, "back of the house" functions and a walkway connecting to the Lodge/Annex. With this change, we will be reprogramming square footage within the hotel structures for sufficient meeting room space. The spa will remain at a similar square footage. The main hotel structure will, for the most part, compare to the 2018 architectural renderings and square footage.
2. For now, we are contemplating eliminating new construction of a residential-styled building, south of the hotel structure on the east corner of E. Ridge and Columbia Streets, programmed as the "Outfitters' Building" and also known as "York's 8 Islands Outfitters."

We contemplate using the Armory House, known as the Old Barbershop, on the north-east corner of Washington and Columbia Streets as the Outfitters. There is a possibility that we will want to build a new Outfitters building, as shown in the 2018 Concept Plan, after the hotel is operating.

3. The underground parking area, south of hotel structure and East Ridge Street, will remain in that location but may be reconfigured for some additional handicapped accessible parking spaces, behind a garden wall, at ground level where the new "Outfitters" building was planned.
4. We plan on reprogramming the Lodge/Annex to achieve additional meeting space and guestrooms and plan on grouping the restaurant and Cooking School activities in the main restaurant/banquet area of the Main Hotel structure. The Lodge/Annex will be new construction utilizing historic materials on the Lodge portion and inspired by the historic Lodge. The Annex portion of the building will be re-designed and re-programmed functionally with an eye toward better coordinating its look with that of the Lodge and the historic Main Hotel Building.
5. The yellow "Stanhagen House," north of E. Ridge and west of Columbia Streets, previously occupied by the hotel's former owners, will be included within hotel operations.

The above, as well as historic increases in the cost of raw construction materials caused by the COVID-19 pandemic, have increased the total cost of the project to approximately \$150-160 MM. This is well over one million dollars per guest room and significantly more than contemplated in 2018, so it is possible that additional changes to the project will be proposed to assure its long-term financial viability. The above notwithstanding, it is our intent to otherwise build as close to the 2018 Concept Plan as possible.

We anticipate that with the approval of the TDD, we can in earnest complete construction documents and begin site work. We and our engineers will attempt to commence disassembly of the main parts of the hotel structure as close as possible to the start of construction of the new building to minimize street inaccessibility and cost.

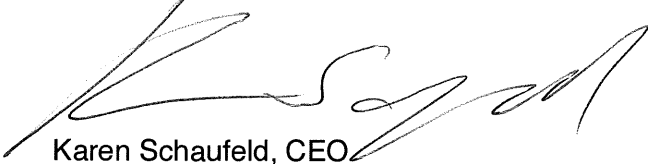
We hope to have all approvals necessary to start disassembly and construction during this calendar year, which will allow us to commence hotel operations by mid-2024 and re-open public access to the Promontory Overlook prior to that. This schedule additionally allows us to provide Town residents and other members of the general public the maximum notice and viewing time of the Promontory Overlook before we must close the site for safety reasons. Again, we hope to commence work on an agreed upon path from the Lower Town to the Promontory Overlook, which we expect would open before the rest of the campus, as soon as practicable.

We are excited to move forward with the establishment of the TDD and completing full architectural, engineering, and construction drawings. We will keep you apprised of additional changes necessitated as we move toward refining and finalizing the concepts originally presented and delivering Harpers Ferry, Jefferson County, the Eastern Panhandle, and the State of West Virginia a grand, new, historic gateway hotel.

Please contact me with any questions.

I am looking forward to working with you.

With appreciation,

A handwritten signature in black ink, appearing to read 'K. Schaufeld', written in a cursive style.

Karen Schaufeld, CEO
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