



Hampton Inn & Suites Watsonville

75 Lee Rd. Watsonville, CA 95076

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ABC Proof of Compliance

Elite Hospitality Group LLC applied with ABC pending license 70-613182 on December 3rd, 2019.

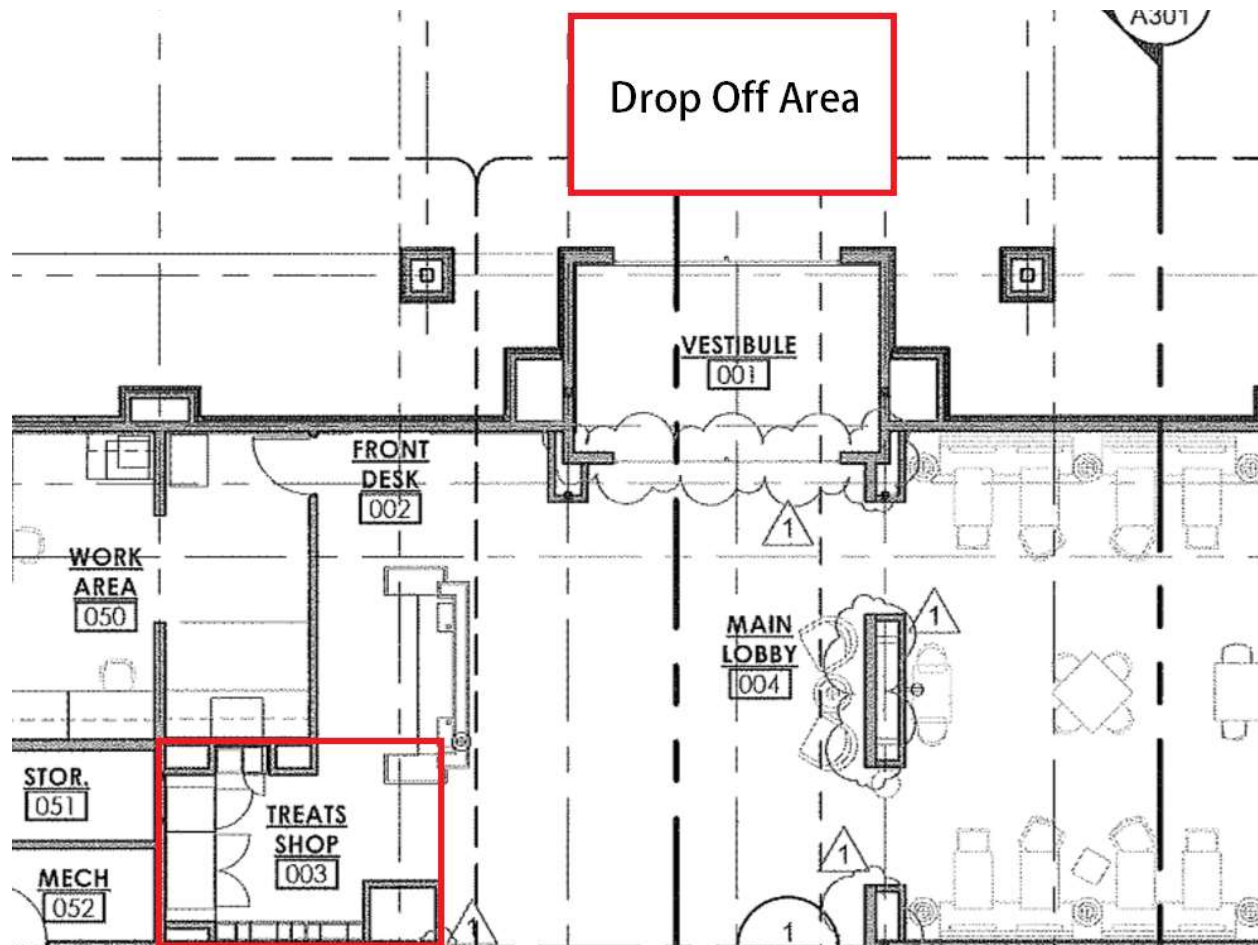
Proposed Location

Elite Hospitality Group LLC, in partnership with Ledgestone Hospitality, is developing a four-story hotel comprised of: 112 standard rooms and guest suites, guest laundry, fitness center, pool, and on-site pantry. The aforementioned amenities (pantry, fitness center, guest laundry, and pool) will be contained within the Hampton Inn & Suites Watsonville located at 75 Lee Road. The pantry, also titled "Treats Shop" in the Business Plans, will have a wide variety of offerings intended to provide guests with essentials and conveniences. The proposed offerings will include local merchandise, remedies, snacks, meals, and both alcoholic and nonalcoholic beverages.

The hotel will be built on a 2.34 acre plot of currently undeveloped and empty land in a lower-traffic non-residential area. There will be no sensitive usage within 300 feet. Plans to develop the surrounding area are being drafted, and include one or more new restaurants, a gas station, and a food mart within 300 feet of the hotel. This area does not have an over-concentration of alcohol related businesses with one license in existing census tract number 1223.00 and with seven allowed. This area is also not considered high-crime per ABC-245.

Drop Off Locations

The hotel will have various drop off areas around the building but the main location will be at the front of the building, as seen below. This location will offer ample space to drop off patrons.

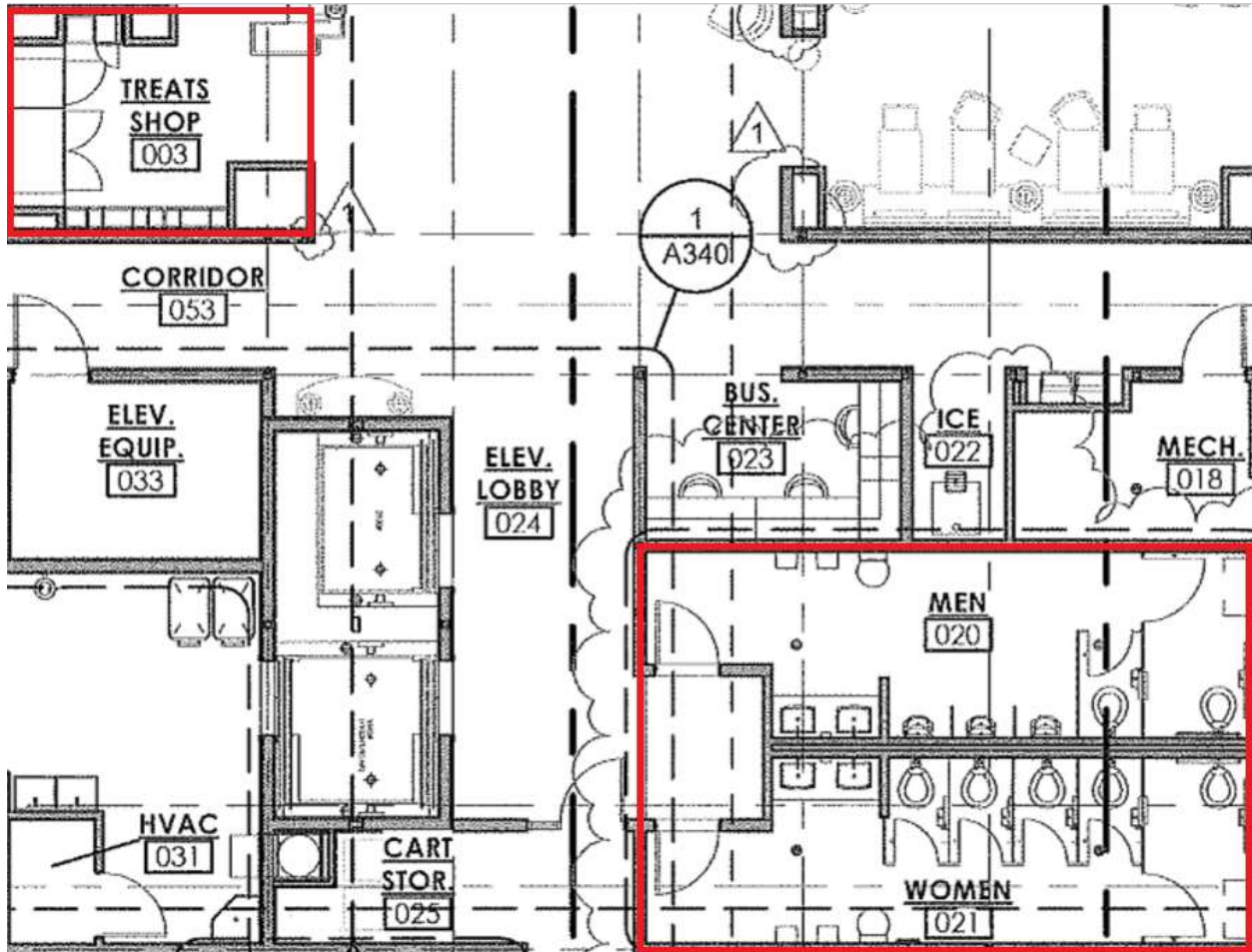


Queuing Patrons

The Main Lobby area will provide space for queuing patrons. The pantry will be adjacent to the Main Lobby. The open layout of the pantry will allow for multiple guests to be inside of the pantry at any given time.

Adequate Restroom Facilities

The hotel will offer a total of ten urinals and stalls directly adjacent to the pantry as seen in the floor plan below. The location will provide for easy access to all hotel guests.



Public Transportation

While there are no public transportation locations within walking distance, the area has various ridesharing programs including Uber and Lyft. Front Desk associates will be instructed to promote ridesharing programs to encourage responsible driving when necessary.

Business Plan

Business Overview

The Hampton Inn & Suites Watsonville, located at 75 Lee Rd. Watsonville, CA is a new transient and business class hotel focused on providing rooms with a clean and modern character that will attract

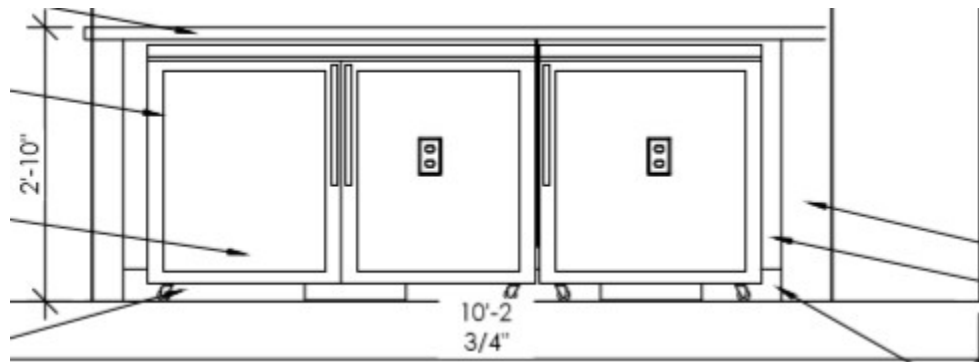
businesses and tourists to the area. The hotel will feature modern architecture throughout the property, new high-end Hilton technology, and various guest amenities.

Alcohol Sales Establishment

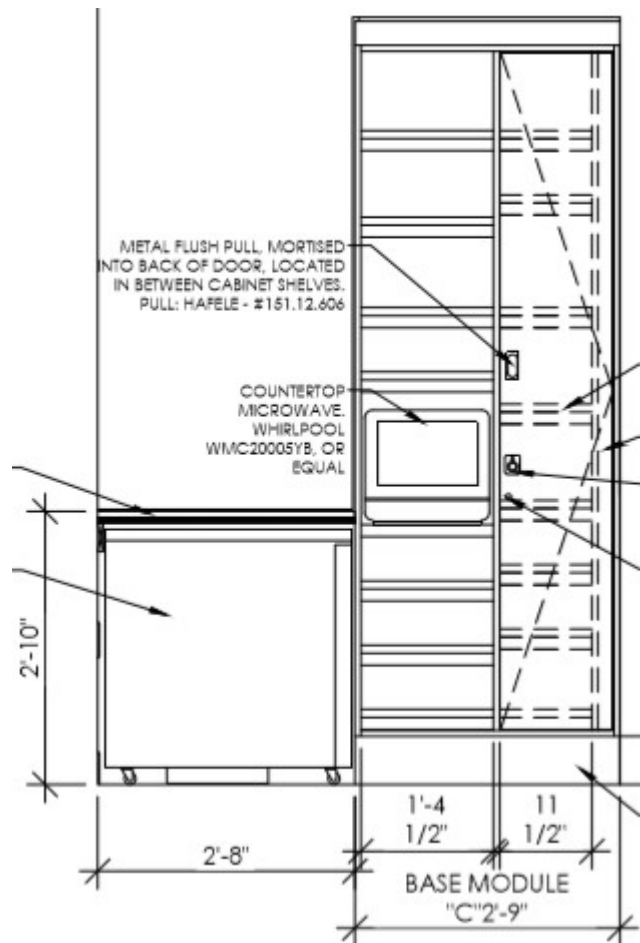
As described under the “Proposed Location” heading, the Alcohol Sales Establishment being applied for is the pantry-style “Treats Shop”. The “Treats Shop” establishment will be located inside the Hampton Inn & Suites Hotel, on the first floor, adjacent to the Main Lobby. The Treats Shop will be staffed twenty-four hours a day and will operate during that same period. The Treats Shop ...” will have a wide variety of offerings intended to provide guests with essentials and conveniences. The proposed offerings will include local merchandise, remedies, snacks, meals, and both alcoholic and nonalcoholic beverages.” The overall alcohol sales is expected to be a very small percentage of overall hotel revenue.

Proposed Refrigerated Alcoholic Beverage Location

- a** frozen items
- b** water / juice / soda
- c** beer / wine*

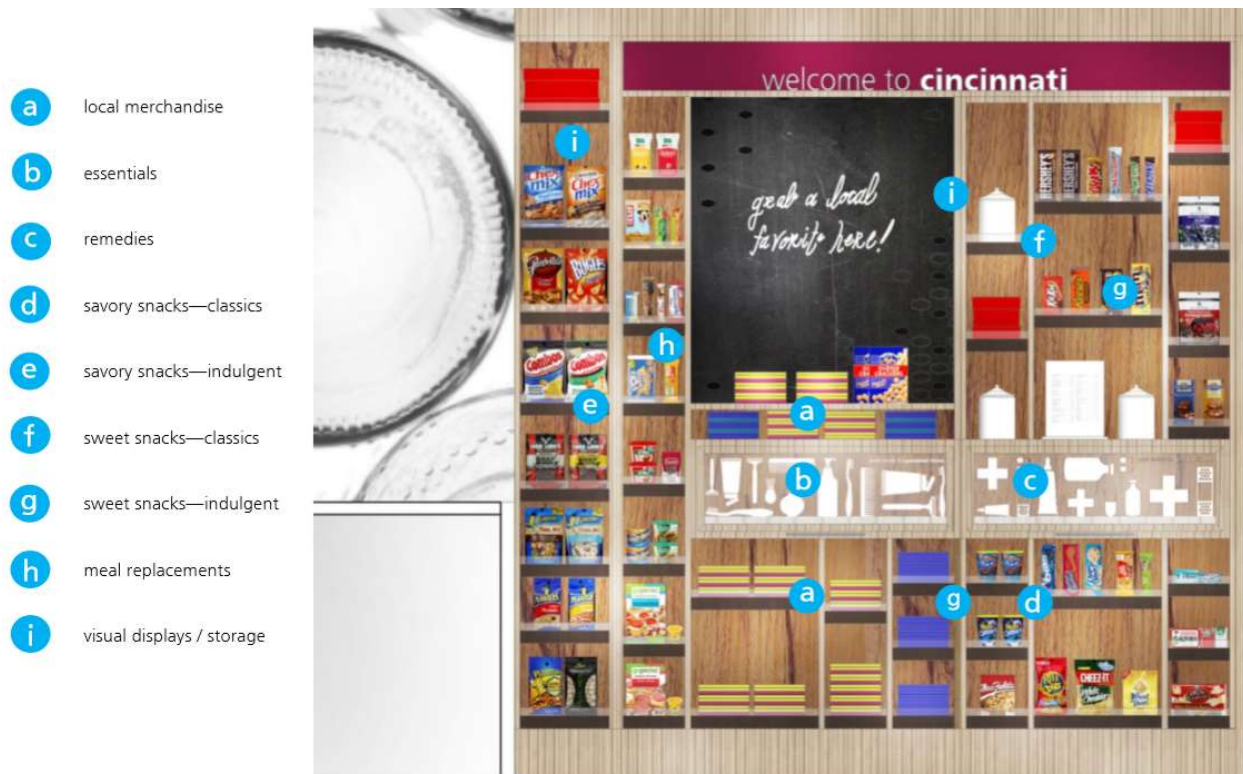


Proposed Non-Refrigerated Alcoholic Beverage Location



- a visual displays / storage
- b savory snacks—classics
- c ambient wine
- d microwave*
- e savory snacks--indulgent

Example of Main Wall Layout



Alcoholic beverages will be roughly 10% of displayed inventory and will only consist of beer and wine items. No liquor or spirits will be sold in the Treats Shop.

Management Team

The Hampton Inn & Suites Watsonville will be managed by Ledgestone Hospitality who is led by industry veterans with more than seventy-five years of combined experience. Ledgestone Hospitality is a growing management company with over twenty-four hotels in its portfolio ranging from Hilton, Marriot, IHG, independent properties, and Choice brands. The hotel's General Manager, Ricardo Contreras, has over six years of Hilton management experience as well as a business degree from UCLA. Ricardo will be accompanied by a Front Office Manager, who has yet to be hired.

Day-To-Day Operations

Staffing Plan

The following personnel will need to be hired upon launch:

- Housekeeping staff (8-10 to start)
- Front Office Manager (will manage daily hotel operations in absence of General Manager)
- General Manager (already hired and onboarded)
- Front Desk (5-7 to start)

- Breakfast Attendants (3-4 to start)
- Housemen (2-3 to start)

The hiring process will emphasize our desire to hire locally and our preference towards local candidates.

Staffing levels will be as follows:

- One Front Desk associate at all times.
- One Houseman per shift from the hours of 7am-11pm, seven days a week.
- 5-10 Housekeepers in the morning based on rooms sold.
- At least one management staff scheduled each day of the week.
- One full-time Engineer, typically scheduled in the morning.
- 1-2 Breakfast Attendants scheduled each morning based on demand.

Food and Menu

The Pantry, or “Treats Shop” will include ambient and refrigerated food and drinks, remedies, and essentials. These items and vendors may rotate per season and per need. A focus on local vendors will be present.

Continental breakfast will be provided each morning. The buffet will include breakfast items such as bacon, eggs, sausage, waffles, fresh fruits, yogurt, cereal, juices, coffee, and various pastries.

The hotel will not include a full-service restaurant within the premises, but plans are being drawn to build at least one restaurant on the land.

Trainings and Procedures

Associates who will be handling food will be provided with and complete the ServSafe course. Associates responsible for the sales of alcohol will complete Hilton alcohol, ServSafe, and LEAD training. Training is required for associates who operate tools and equipment or handle hazardous materials. All associates will complete onboarding Hilton training, which includes all federally-required and state-required trainings in addition to many supplemental trainings and resources. A breakdown of these trainings is covered under the “Safety and Security Plan” section. Localized training will be provided as necessary.

Hours of Operation

The hotel will be open and staffed 24/7, which is compliant with hours of operation for Watsonville.

Reference Letters

Please refer to attachments for three professional letters of reference; one character reference and two business references.

Hampton Inn & Suites Specific Business Plans and Overview

Services

The Hampton Inn & Suites Watsonville will offer all the industry standard hotel services including daily room cleaning, free local calls, premium TV, free wireless internet, continental breakfast and other amenities. Additionally, the hotel will offer a flexible meeting room, a large pool with rural views, a modern fitness center with state of the art Precor equipment, and a pantry offering purchasable snacks, meals, and drinks.

Customer Focus

The hotel will serve as a prime location for businesses in the area requiring rooms, local events, and a convenient location for leisure travelers, with access off of California Highway 1. It will also offer those enrolled in the Hilton loyalty program a place to stay in the Watsonville area. The hotel will offer lodging for families, including shared spaces for adults and children in the pool area, a continental breakfast with kid-friendly options, and a pantry with snacks for both children and adults.

Budget

Phase one of the development plan will include the Hampton Inn & Suites, retail/restaurant locations directly in front of the hotel, and a gas station adjacent to the hotel. The overall development plan will be roughly \$23 million.

Ledgestone Hospitality will conduct a wage survey to properly assess fair wages in the market to determine compensation of employees.

An operation budget for maintenance, compensation, equipment costs, utility costs, and other operational costs will be drafted as construction nears completion.

Hotel Design

Elite Hospitality Group LLC, in partnership with Ledgestone Hospitality are developing the Hampton Inn & Suites with key elements that will include the following:

- Four floors with 112 guest rooms
- A combination of standard and suite room types in both king and double queen layouts

- A meeting room with 720sqft of flexible space
- Fitness center with Precor equipment
- Breakfast area with a complimentary guest buffet
- Guest coin operated laundry room
- A pantry with sundries, meals, remedies, and drinks
- A large pool



Success Factors

The Hampton Inn & Suites Watsonville is uniquely qualified to succeed due to the following reasons:

- There are currently no large hotels that can support larger events, businesses, and tourists in the community we are entering. We have surveyed the local corporations and determined that they have frequent visitors who would use our hotel location.
- Our hotel is conveniently located right off California Highway 1 with multiple restaurants, a food mart, and a gas station in development.
- Ledgestone Hospitality and the hotel team have a track record of success in the hotel industry.
- The current closest Hilton property is 21 miles away from Watsonville.

Direct and Indirect Competitors

The following hotels are located within a 5-mile radius of the Hampton Inn & Suites Watsonville, thus providing either direct or indirect competition for customer acquisition:

- Holiday Inn Express & Suites Watsonville

The Holiday Inn Express & Suites has 65 total rooms with a mix of standard and suite room types. This hotel also offers similar amenities including free wifi, fitness center, and free breakfast.

- Best Western Rose Garden Inn

The Best Western Rose Garden Inn has 45 rooms in total and offers guests a cost effective route that attracts Best Western loyalty members.

- Comfort Inn Watsonville

The Comfort Inn Watsonville offers 41 guest rooms with an emphasis on cost effective pricing and attracts Choice loyalty members to the property.

Competitive Advantage

The Hampton Inn & Suites Watsonville offers several advantages over its competitors. These advantages include:

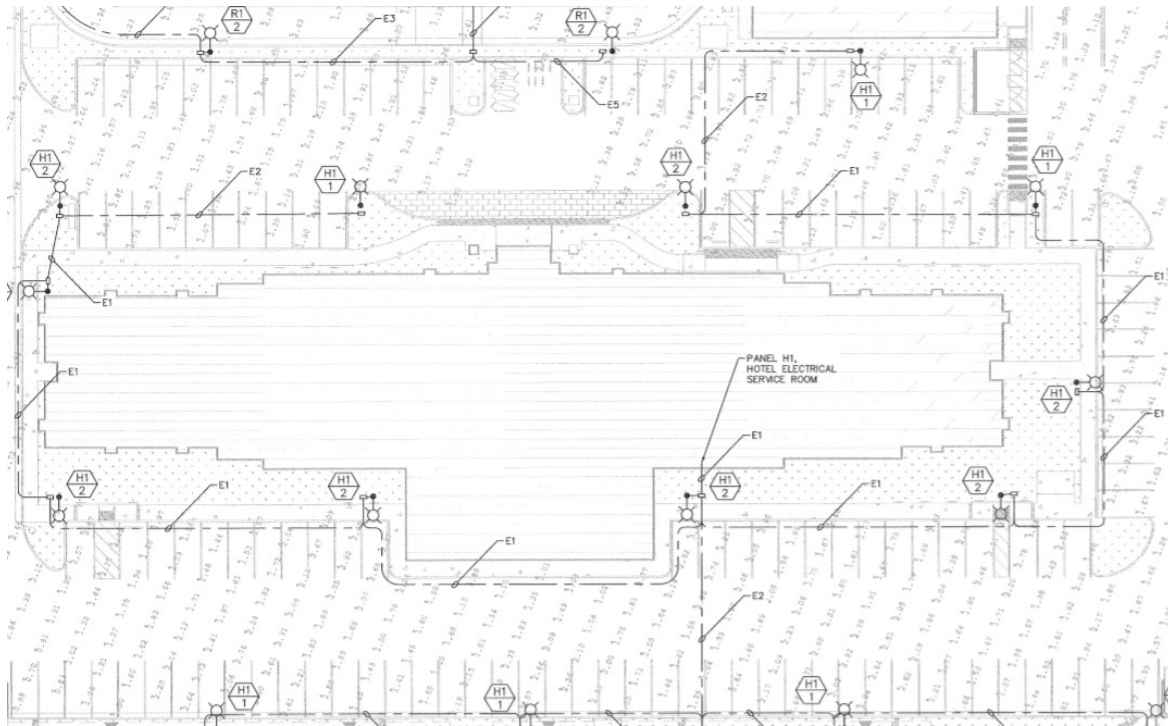
- Location: The hotels provides great access to Watsonville as it sits right off California Highway 1 with various restaurants and a gas station in development.
- Brand: The Hilton brand is one of the largest hotel chains in the world with a very loyal customer base for its loyalty program. The closest Hilton branded hotel is 21 miles away.
- Relationships: The development group has been in the community for several years with connections to local businesses. As such, it will be relatively easy for us to build the brand and awareness of the hotel.

Neighborhood Compatibility Plan

Hampton Inn and Suites commits to becoming a proactive and responsible neighborhood partner. To support this commitment, we have a multi-layered plan in place that will focus on identifying and de-escalating issues before they arise, including extensive associate training, and providing 24/7 facilities monitoring. To accomplish this, we will implement safety and neighborhood responsibility training for every associate. This training will include responsible alcohol sales and usage, mandatory ID checks on every sale, identifying and reporting crime, and monitoring both the hotel and surrounding premises. Our hotel will be staffed 24/7 and will always have an associate at the front desk managing the interior and exterior. Cameras will be installed and monitored at the front desk to ensure guest safety and neighborhood accountability.

In regards to safety of the hotel grounds, the indoor of the hotel will be fully illuminated. Outdoor lighting will be staggered across the parking lot and will include sidewalks. Signage will be posted throughout the hotel and includes safety signage for the pool, alcohol signage in the pantry, clearly marked exits, and possible hazards such as stairways and wet floors.

Site Lighting Plan



Hotel management and a houseman will be present seven days a week to ensure safety, promote a clean and litter-free environment, monitor noise and outdoor usage, and immediately address any issues that arise. Specific consideration and vigilance to minimize and eliminate public nuisances such as public intoxication, violence, public urination, solicitation, illegal drug use, drug dealing, loitering, and graffiti will be taken. Restrooms will frequently checked to ensure no inappropriate drug or other use. Guest alcohol sales will be restricted to adults over the age of 21 who do not appear intoxicated. ID's will be checked with every sale to strictly adhere to prohibitions of sales to minors. Violence will be not be tolerated, and will be swiftly dealt with by on-site housemen and the police. Parking lots will be walked multiple times throughout the day and night to discourage and prevent drug sales, loitering, public urination, and other nuisances.

Finally, our management team will be instructed to meet with each surrounding business to provide a contact number, if any issues should arise.

Safety and Security Plan

Training and Emergency Procedures

Every hotel associate will begin their first day with an orientation that will cover procedures in the following emergency situation:

- Fire
- Weather/Storm
- Drowning

- Choking
- Serious Illness
- Bomb Threat
- Robbery
- Earthquakes
- Portable Fire Extinguisher Operation
- Location of First Aid Kits
- Blood Borne Pathogens

Additionally, associates handling the sale of alcohol will complete LEAD training as well as ServSafe Alcohol training. This will be required and funded by the hotel prior to working their first shift. In order to maintain at least one associate certified in CPR and first aid per shift, we will bring in an approved third party instructor to conduct First Aid and CPR training as needed.

First AID

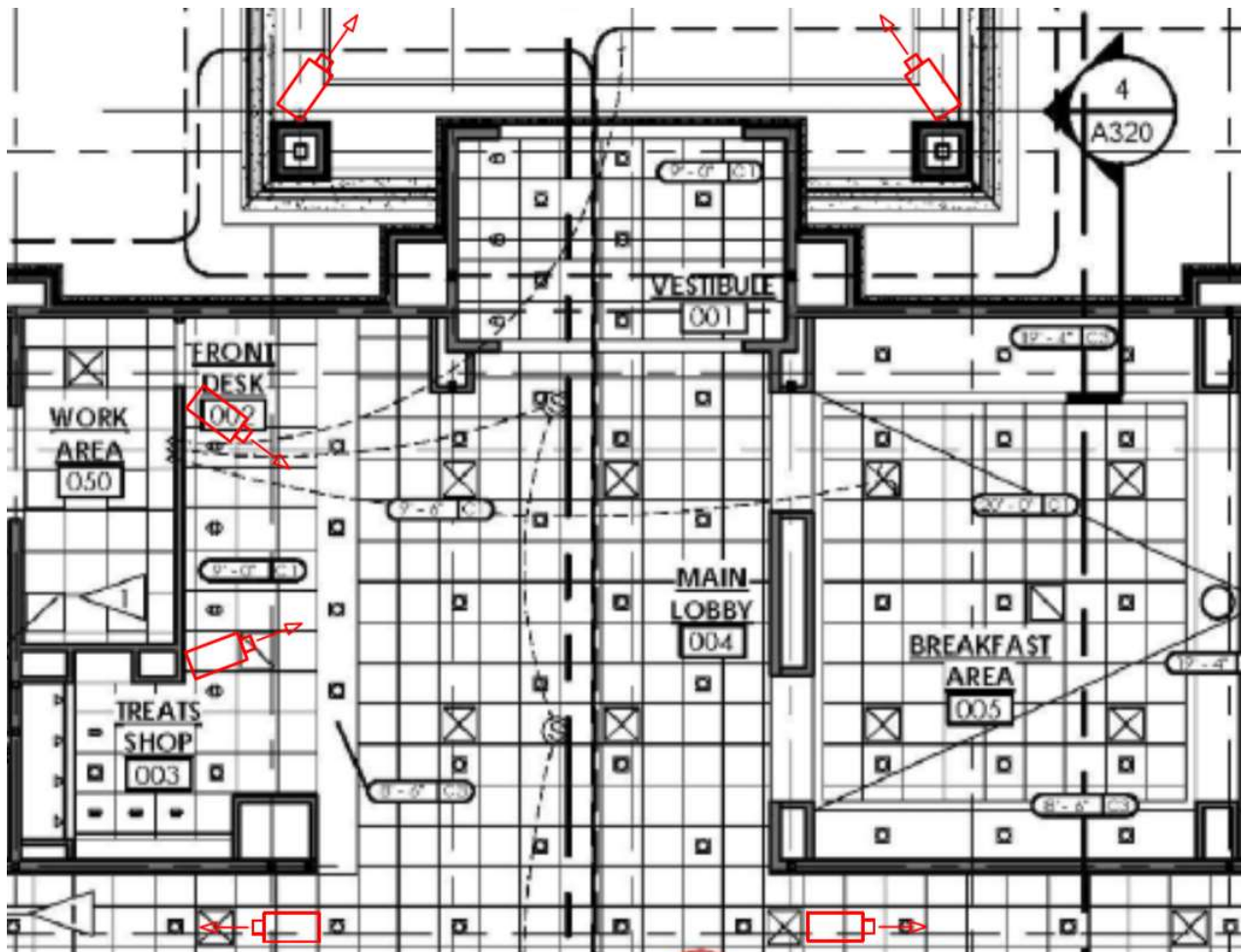
The hotel will have at least one associate that will be trained on First Aid and CPR certified at all times. First Aid Kits will be located throughout the hotel and will be inspected daily by management staff to monitor inventory. The First Aid Kits will meet all local laws, OSHA regulations, and ANSI requirements.

Security

The hotel's security plan will consist of twenty-nine cameras throughout the hotel that will be monitored throughout the day along with the above training provided to each associate.

Safety and security are paramount concerns for Hampton Inn and Suites. We aim to proactively identify and de-escalate before situations arise. To accomplish this, we will have a highly-trained houseman staffed seven days a week that will patrol the hotel, both inside and outside, to monitor activities, control litter and noise, and ensure the safety of all hotel guests. In addition, management will be completing daily walks of both the interior and exterior of the building. A more comprehensive list of duties is detailed under the "Neighborhood Compatibility Plan" section.

Lobby/Treats Shop CCTV Layout and Floor Plan



First Floor CCTV Layout and Floor Plan



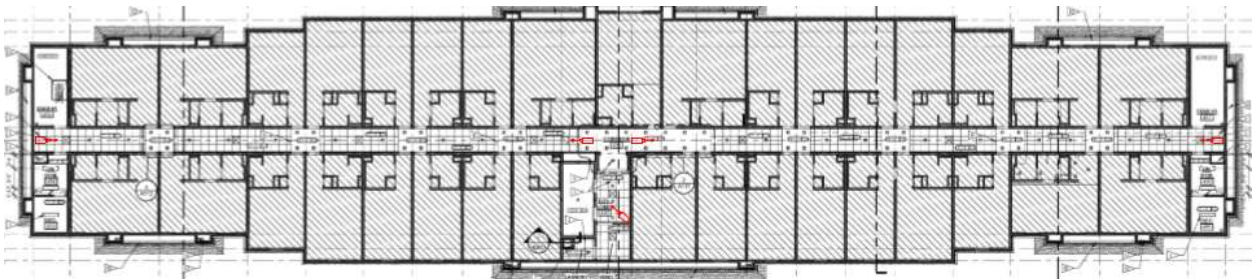
Second Floor CCTV Layout and Floor Plan



Third Floor CCTV Layout and Floor Plan



Fourth Floor CCTV Layout and Floor Plan



Food Safety

Our hotel will follow the principles of HACCP (hazard analysis and critical control points) Guidelines in line with local and national food hygiene regulations, and will receive inspections from the local Santa Cruz County Health Department. Each associate handling food will be trained through ServSafe on proper food handling procedures. The management team will complete the ServSafe Manager training and will conduct daily walks, seven days a week, to ensure proper food safety procedures are being followed.

Fire Prevention and Inspections

The hotel will comply with the requirements of local fire safety enforcement laws. Fire drills involving all team members will be conducted at least semi-annually. The fire alarm system will include automatic detection and audible alarms, along with a panel to alert staff and the fire department to the location of the fire. A third party company will conduct a full inspection of the property's fire protection system annually.

Maintenance personnel will conduct periodic inspections throughout the hotel that will include electrical, gas equipment, and life safety items to support safety and general welfare conditions.

Crowd Control

Hampton Inn and Suites will not be hosting large events on-site. We do not anticipate unruly or large crowds to be gathered. However, Front Desk Agents and Housemen will be instructed and trained to manage crowding in the lobby, pool areas, and outside, if necessary. Guests will be asked to lower noise volumes or move to their rooms if safety may become an issue.

Front Desk Agents and Housemen will monitor each of the following areas and their occupancy limit:

- Breakfast Area – 102 Occupancy Limit
- Meeting Room – 53 Occupancy Limit
- Indoor Pool – 101 Occupancy Limit
- Fitness Center – 15 Occupancy Limit
- Guest Rooms based on Room Type
- Reception Area/Pantry – 5 Occupancy Limit

Community Benefits

The Hampton Inn & Suites Watsonville will provide substantial benefits to the community. These benefits include promoting local businesses, providing these local businesses with negotiated room rates, and bringing in guests to stimulate Watsonville's economy. The additional space to house tourists and visitors will encourage larger-scale local events. We commit to encouraging and supporting the growth of local businesses by choosing local businesses for many of our needs. Within our pantry, we will offer and promote local produce and snacks to gain exposure to the unique products Watsonville has to offer. We will be adding 112 guest rooms to help address our overwhelming need for quality lodging in the community, and to accommodate more tourists and businesses in the area. These added rooms will not only help sustain and grow local events, but also help bring more career opportunities to the local community.

Labor and Employment

Hampton Inn & Suites Watsonville will have a strong local hiring policy for each position as it will increase longevity, reliability, and help support local businesses. We will adhere to a local hiring policy

by indicating our preference for local candidates in our job postings, posting jobs within local job boards, and attending local job fairs. This will ensure that all of our workforce will originate from the local community.

Local Enterprise & Qualification of Principals

As one of the principals, Juggy Tut commutes to Watsonville during the week to his office located at 144 W Lake Ave in Watsonville and will have an oversight of the hotel. Ricardo Contreras, opening General Manager, resides in Watsonville, CA, and will oversee the day-to-day operations. Ricardo has proven experience holding alcohol licenses in good standing in hotels throughout the United States, with the most recent being HotelRED in Madison, Wisconsin. HotelRED has a full service bar and restaurant that included the sale of beer, wine, liquor, and spirits. With Ricardo's experience, he will ensure that all staff abide by comprehensive local and federal laws.