

# SUCCESS STORIES: Inn at the 5th



## Background

When successful entrepreneur Brian Obie decided that a new boutique inn would complement his iconic Fifth Street Public Market in Eugene, Ore., he turned to DWT for guidance with his first foray into lodging. The Market, a 1929 building that houses an eclectic mix of shops, restaurants, cafes, office space, and services, has long been the No. 1 tourist destination in Eugene. So, when Nike vacated a large retail space, Mr. Obie knew how to fill the gap.

Shortly after engaging with Mr. Obie, Lehman Brothers crashed, and along with it the finance markets, particularly in hospitality. Together—with Mr. Obie—we built a road map to success at a time when hotel development and financing had come to a standstill throughout America. Based on our experience helping hotel clients raise equity, we drafted an investor term sheet that offered a win-win proposition for the Inn and its investors, and crafted a private placement memorandum that, through Mr. Obie's efforts, was oversubscribed, and helped persuade the mortgagee that the project made financial sense and must proceed. This successful equity raise reduced the debt requirements to a manageable amount, which Mr. Obie financed with funds from the city, the SBA and a consortium of credit union lenders.

In the fall of 2010, with coverage from all of the local news stations, the Inn was unveiled in a three-dimensional rendering, and construction began. The approximately \$10 million, 69 room boutique hotel—including a penthouse apartment, five suites and five spa suites—is the development darling of the community and one of just a handful of new lodging projects under construction nationwide.

## Defining Success Together

Our representation spanned all aspects of the transaction, including:

- The structure and returns of the equity investors.
- Private placement memorandum.
- Long-term ground lease.
- Hotel management contract.
- Negotiation of all financing documents, including obtaining a critical subordination agreement from the existing lender on the fee land.

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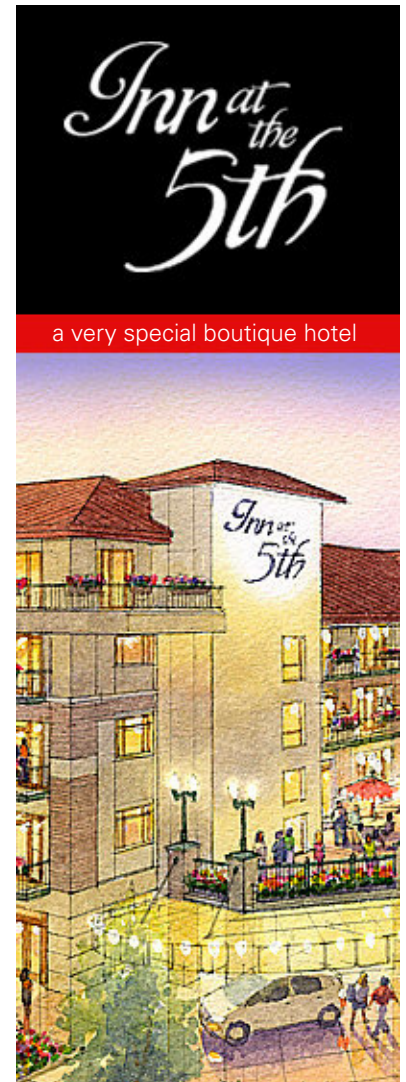
## Results

"If it weren't for the strategic partnership we've forged with Davis Wright and the resolve of the attorneys with whom we've collaborated, this project would not be underway today," said developer Brian Obie.

When Inn at the 5th opens in 2011, it will be downtown Eugene's first new hotel in 28 years. The hotel will promote its connection to the popular Gervais Salon & Day Spa and to the locally well-known Marché restaurant. According to Mr. Obie, part of the Inn's brand will be to continue the Market's commitment to providing fine local foods, goods, and services to those who live in and visit Eugene

Per the city's website, the new hotel will help Eugene host more visitor events. It adds, "In addition to the numerous near-term construction jobs, the hotel will create approximately 25 permanent full-time jobs in the community."

Dave Hauser, president of the Eugene Area Chamber of Commerce, said, "To have an iconic property like the 5th Street Public Market move forward with a project like this at a time when our economy can use every piece of good news is very encouraging."



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## About Us

Davis Wright Tremaine has a vibrant hospitality practice across the Pacific Rim. We serve hotel and resort clients out of offices in Seattle, Portland, San Francisco, Los Angeles, and Shanghai. We are a leading firm in the hospitality sector by virtue of our service, knowledge, innovation, relationships, and price. We are counsel to world-class hotel developers and those aspiring to be. Against all odds, we help our clients succeed.

For more information, please contact:

**Stephen R. Ledoux** in Portland at 503.778.5438, in San Francisco at 415.276.6519, or via email at [stephenledoux@dwt.com](mailto:stephenledoux@dwt.com).