

NAITO

DEVELOPMENT LLC

October 16, 2012

Port Commission
Port of Hood River
720 E. Port Marina Drive
Hood River OR 97031

Dear Chair Davies and Commissioners:

Our support of the Babitz/Davies proposal was conditioned upon the Friends of the Hood River Waterfront dropping their LUBA appeal and agreeing not to file any environmental lawsuits. The source of the funding for the public improvements to the boat basin is the property taxes that our project will pay into the Urban Renewal District. The Babitz/Davies proposal relies on the tax revenue from the hotel/commercial development to pay for the public esplanade, public access, recreation and habitat restoration. The Babitz/Davies proposal only works if the Friends agree to drop their appeal and the project gets built.

Based upon Brent Foster's statement to the Hood River News we understood that the Friends had concerns regarding the enforceability of our agreement not to pursue the cable park.

We contacted Brent Foster and asked him to tell us what those concerns were and see if we could work out an agreement.

Last Thursday, Mr. Foster emailed that before he would discuss anything: "we [the Friends] want an agreement that the content of our settlement talks are completely confidential in the fullest sense of the word - as in no disclosure to media, courts or anyone outside of the talks."

We responded: "The Friends is a non-profit public interest corporation. I don't see any reason why they would want their negotiations confidential especially since they are negotiating on behalf of the public interest. All the issues to date have been addressed in the public forum. I see no reason to change."

We tried to enlist the help of Heather Staten to learn what it is that the Friends want. She had to sign a confidentiality agreement in order to learn what the Friends want and now she cannot tell us.

We have heard nothing back from Mr. Foster. At this point, we are at a loss why the Friends are unwilling to discuss this matter in public. What is it that they do not want the public to know?

Our project has been approved by both the Planning Commission and City Council after four public hearings. We agreed to Heather Staten's proposal for a waterside path. We agreed that we would not build the commercial building below ordinary high water. The Friends' current LUBA appeal is over technicalities such as whether Mayor Babitz should have recused himself for a conflict of interest and whether the sidewalk is a public sidewalk.

As to the Friends environmental concerns, our project is currently being reviewed by the US Army Corps of Engineers for any impact on endangered species. We will comply with any requirements that the Corps imposes so that we do not violate the Endangered Species Act. We also have a DEQ permit that prescribes specific conditions in order to comply with the Clean Water Act. As of September 28, 2012, the DEQ has confirmed that we are fully in compliance with the conditions of our permit.

While we are open to discussions related to the Friends concerns about enforcement of our agreement not to build a cable park we are not interested in redesigning the approved hotel and office development.

As Linda Maddox wrote at the first planning commission hearing on March 20, 2012: "I recommend that you DENY the cable park for all of the reasons stated above and ALLOW the proposed hotel and the commercial building ..." Between our willingness to forego development of the cable park and the Babitz/Davies proposal to invest several million dollars to improve the public access and habitat of the basin the Friends have achieved all of their goals and more.

At this point we would ask the members of the Port Commission see if they can bring the Friends around to see the benefits of the Babitz/Davies proposal and the importance of the hotel/office development to the funding of the proposal.

We would ask that the Port continue to table the cable park process for another two weeks to see if you can make any progress with the Friends.

If no progress can be made by your next meeting we will likely be back here to request that the Port complete its process on the cable park.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Naito". The signature is written in a cursive, flowing style.

Bob Naito