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To: Teresa Lopez and CSN principals

Re: Activities of Champlain Street Neighbors

Dear all,

I am in receipt of a letter from Ms. Teresa Lopez expressing serious concern about the activities of the Fund. I have attempted to answer all her questions below.

#### 1) Financial Status

Champlain Street Neighbors was given \$100,000 as an initial payment per the settlement agreement with the Adams Morgan Hotel.

On May 21, 2014, \$15,000 was deposited into BB&T Bank for operating expenses for Champlain Street Neighbors. I do not have access to that account, and do not know the status of those funds.

On July 11, 2014, \$20,000 was paid to the D.C. government as a deposit for our attempt to purchase the building through the tax sale process. That money is due to be refunded, and we have been in contact repeatedly with D.C. in an attempt to get the money refunded. They have told us that the check is in the mail.

The legal fees charged against the \$100,000 trust payment (not counting the amount paid by CSN before the settlement) have been \$8,887.56. I have been extremely conservative in billing; if you look through your email and phone records you will see there is a lot of time that I simply have not charged for. My invoices are attached to this letter.

Champlain Street Neighbor's current trust balance is \$58,099.94. After I deduct the next attorney's fee invoice, the money remaining in the trust account will be \$56,112.44. This is not including whatever money is in the BB&T account and the \$20,000 receivable from the District of Columbia.

#### 2) Status of the Fund

The settlement agreement contemplated \$1,900,000 to be paid over time to a new entity created to help small businesses and residents affected by the hotel. That entity has not yet been set up. Our firm has circulated Articles of Incorporation which must be approved by CSN and Ms. Lopez. The



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settlement agreement also required the Hotel Owner to sign off on the articles, but Jake from Adam's Morgan Hotel Owner has said that they do not want to be seen as obstructing that process. At this point, I am waiting for approval from Teresa on the articles, or any changes she may have.

### 3) Payment of contractors

Ms. Lopez has submitted an invoice for her work for CSN, and I understand a few other people wish to get paid as well. I am happy to pay the invoices out of the money I am holding in trust for CSN, but it would make a lot more sense if the money were paid out of the BB&T operating account. Regardless, if you prefer the money come from the trust fund, I can disperse money from the CSN trust account to anyone, but only after I receive authorization from the fund principles to do so.

### 4) Hotel Construction Issues

CSN's goal is to protect Adams Morgan. There have been some issues with construction noise and dust that have been circulating. As part of the settlement agreement, CSN agreed not to take any legal action to obstruct the Hotel, but as an organization with whom Sydel has an ongoing relationship, I believe that we are in a good position to raise issues with Sydel as they come up. We are not prohibited from exercising our free speech rights to protect the community.

If anyone has any questions about the confidentiality agreements and what activities we agreed to refrain from as part of the settlement agreement, please contact me at any time.

### 5) Future matters

As soon as I receive sign-off from Teresa on the Articles, I will submit them to the government for approval. We should, at that time, have a meeting of the PPC of the new organization in order to get ready to use these funds to help the community. I am happy to take an active role, however, as your attorney, I cannot be the driving force behind getting things off the ground. I need to be able to remain neutral and represent only the goals of the organization.

I know it has been a long process, and at times I have not been as prompt in responding to questions as I should be. I appreciate the relationship we have built up and I hope that this letter puts to rest the concerns you have. If you have any further questions, please feel free to contact me.



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Sincerely,

Daniel Horal