

Good Afternoon

I am Steve Duprey and I am the owner of the Duprey Companies. Because you are all familiar with Concord, I suspect you know that I am the owner of Hotels in this city. Specifically, I own five hotels and the Grappone Conference Center. The impact I have experienced on my business since the coronavirus outbreak is, I believe, common to every hotel and motel owner in the state.

The hotel industry has been, in a word, devastated and is not likely to recover according to the most recent estimates from a consensus of industry experts, and the STR reports, for at least five years, and more likely 8 years.

Our occupancy in Concord went from a seasonal average in the time period of March 10- April 10 of approximately 60% to 10%. 100% of all conferences and events booked at the conference center have cancelled or postponed with about 80% outright cancellations. Cancellations in September and October are continuing, and we expect not to be able to even open the conference center until January 2021, if then. That represents a loss of 3,000,000 of revenue for this year and an operating loss of 600,000.00 in that one facility. We have closed the Courtyard by Marriott, the Fairfield Inn by Marriott and we have never opened the brand new and ready Hilton Tru. The Centennial Inn, the Hampton Inn, the Holiday Inn are all closed. The only properties open are the Best Western, the Hotel concord, and our Comfort Inn and Residence Inn to be available for first responders and incoming federal contractors. They are running at about a 15% occupancy. Our monthly loss from all properties, even after closing two hotels, not opening one and closing the conference center is 250,000 per month, or this year, a total of 2.7million dollars.

Concord is a good bell weather market because we are neither seasonal not tourist oriented, but essentially a business traveler hotel with some leisure and an occasional event driven weekend- like the NASCAR races. The impacts in the tourism markets like Mount Washington Valley could either be worse, or perhaps slightly better, if people travel this summer. However, no one in the industry expects a return to profitability until a vaccine is developed and widely deployed- late 2021 at best. Given that, it will be extremely difficult for many hotels to survive absent substantial and generous loan programs.

I think my situation is fairly typical. I have loans equal to approximately 70% of the value of my properties- not particularly high leverage given the high capital costs of building a hotel- which dwarf even those of restaurants.

Regrettably, the federal paycheck protection program does not work for hotels. We have had to furlough over 75% of our work force. Many of these workers are at wages from 13-17.00 per hour and they make more staying at home collecting unemployment as you can see in the attached worksheet. If they return to work they take a pay cut, they potentially expose themselves and their families to the virus, and they have to find child care and/or teaching for children. And there is nothing for them to do. Technically, if called back to work and they refuse that could be considered a voluntary "quit" and therefore not be eligible for unemployment but

that is not a valid reason to deny unemployment in the virus era. Even if we call them back, let them stay home and collect full pay and benefits, there is little chance that at the end of the paycheck protection program on June 30<sup>th</sup>, there will be any work for them then. We tried to convince Congress to allow a change in the rules for restaurants and hotels to allow them to start the 8 week period August 1, which would have cost the government no more money and been good for both the employees and for us employers. Unfortunately, we weren't successful.

The results of the two other federal programs are yet to be seen but I have grave concerns whether they will meet the needs of the hotel industry. The first is the SBA Economic Injury and Disaster Loan program (EIDL). The SBA simply doesn't have the capacity to make enough loans fast enough to save our industry, and doesn't have nearly enough money- even with the new 60 billion in the new law hopefully being passed today. Those loans, at rates of 3.75% fixed for 30 years, could be very useful if they were available soon and in sufficient amounts to give a lifeline until some travel restarts.

The Federal Reserve Bank Main Street Loan Program, with the final rules forthcoming soon, could be helpful but the loan parameters are very tight-4 year loans at market rates. They won't be enough for most hotels in NH- the term is too short and the rate is too high to save most hotels in NH.

So the bottom line is that without a program that offers favorable terms and rates, a substantial number of hotels will disappear. I know that everyone testifying before you has a good case to make on why their industry or group needs support, but I would urge you to allocate some resources to either a loan or loan with forgiveness program for hotels and restaurants, perhaps modeled after the PPP program but with better parameters and controls and in smaller amounts.

Alternatively, something along the EIDL loan parameters would be, in my view, the very best option. The loans could be for an intermediate term- say 5 to 10 year, at below market rates, administered by NH headquartered banks (not national banks which have access to nationally sourced capital). The beauty of this approach is that it would leverage the lending expertise of NH banks and as loans could end up being recycled in the not too distant future to help other industries.

I have one other final suggestion. Any loan or grant or forgivable loan program you establish should only be available to companies headquartered in NH with a majority of ownership held by NH residents. Why? New Hampshire has received this money from the federal government. Every state has received similar monies to help the businesses in their states. New Hampshire needs to give priority to true NH based companies. Why should a REIT, headquartered in say, New York, or Chicago but with no local ownership, have access to these precious funds instead of them being required to access the funds available to them in their home states? They should not. Beyond that, publicly traded companies that own hotels have access to other sources of capital that the small business owners who own hotels and restaurants do not. While I enjoy

Darden restaurants like the Olive Garden for example, as much as anyone, why should they as a large national company that happens to have outlets here in N.H. have the same access to our NH funds as the local restaurant or hotel? While this will perhaps have a negative impact in that some of those hotels and restaurants may take longer to open as they search for other sources of support, they have those options and access to funding sources that small NH business owners do not. It would be a very poor result indeed if the money allocated to New Hampshire goes to support nationally owned and not locally headquartered businesses, while true NH based and owned businesses don't get access to whatever program you develop.

I appreciate your consideration and your service to help our beloved state get through this pandemic and economic catastrophe. Thank you.