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Cavanaugh's Goes Public, Makes Bid for Outlaw Inn

Cavanaugh's Hospitality Corp. is negotiating to buy the Outlaw Inn and Convention Center in Kalispell. Spokesmen for both Cavanaugh's and the Outlaw Inn confirmed the two have entered into a purchase agreement, and a 30-day "due diligence" period to finalize the deal begins today.

Cavanaugh's announced an initial public stock offering Tuesday. The Spokane-based company owns and operates 11 hotel-motels in the Pacific Northwest, including one at Kalispell Center Mall. The stock offering could raise as much as \$61.7 million, after expenses.

On Monday, Cavanaugh's announced the purchase of Templin's Resort Hotel at River's Edge, in Post Falls, Idaho, with owner Bob Templin to join the CHC board. Cavanaugh's also has signed a purchase agreement with a full-service hotel in Portland, Ore., and negotiations are under way to finalize that sale.

Speaking for the Outlaw Inn, Dick Dasen Jr. said, "We were not actively seeking to sell the Outlaw when they came to us, but if the deal is right, we will take it."

The Best Western Hotel is owned by Richard Dasen Sr. of Kalispell and Southgate Mall Associates of Missoula.

Stephen Barbieri, in charge of investor relations of Cavanaugh's, says his company is "Very excited about the possibilities. We love Kalispell and the Flathead Valley and are excited about the prospect of owning two properties there."

Cavanaugh's intends to offer new investors 5.18 million shares, about 42% of the 12.27 million shares outstanding after the stock offering, according to the filing with the U.S. Securities and Exchange Commission.

Shares will sell at \$12 to \$14 dollars. Based on a mid-point price of \$13 dollars and the total shares outstanding, the offering will give the company an implied market value of \$159.5 million. The offering statement is to be available next month.

Cavanaugh's owns hotels in Spokane, Seattle, Yakima and Kennewick, Wash., as well as Idaho Falls and Post Falls, Idaho, and Kalispell, Mont. It operates entertainment services, management companies, and retail and office properties, including the Kalispell Center Mall.

The company's G&B Select-A-Seat unit sells event tickets, and G&B Presents offers Broadway productions and special events.

Chairman Don Barbieri says the company plans to continue to buy and rename full-service facilities, build new ones and expand those it now owns. Emphasis will continue to be in the Pacific Northwest.

The company and its predecessors have been run by the Barbieri family since the company was founded in 1937. Barbieri, 52, will remain the largest shareholder, with about 3.6 million shares, or 29.3%.

His brothers, Richard and Thomas, also hold executive positions in the firm. Steve is his son.

The Outlaw Inn has 220 rooms, nearly 12,000 meeting and convention space, restaurant, lounge, casino, shops and recreation facilities. It is the valley's largest meeting and convention facility.

Dasen said Cavanaugh's corporate personnel are at the Outlaw Inn today and Friday "to go over our facility and start the 30 day due diligence to finalize the offer."

Steve Barbieri said more details will be announced when negotiations are complete.