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HOTELS

October 9, 1997

Cavanaugh's Yakima Gateway Hotel

Cavanaugh's Hospitality Corporation and VA-ALTA, Inc have announced that the two Corporations have reached agreement to transfer control of the 171 room Yakima Holiday Inn to Cavanaugh's Hotels effective October 15, 1997.

Donald K. Barbieri, President and CEO of Cavanaugh's Hospitality Corporation, and Rand Elliott, president of VA-ALTA, Inc, said the pending acquisition is the result of long discussions in which both corporations have desired to master plan the area between Gateway and 6th Avenue to compliment the newly expanded Yakima Convention Center and plan for additional hotel room growth.

The 171 room Holiday Inn, adjacent to the newly expanded Yakima Convention Center, shares the city's convention room night business with the 154 room Cavanaugh's at Yakima Center. The Holiday Inn hotel will be re-flagged as Cavanaugh's Gateway Hotel.

The Yakima Convention Center hosted events during 278 days of 1996 which brought in 88,119 delegates which created an economic impact of \$22 million to the city. The two hotels will be able to take advantage of a regional Cavanaugh's Hotels sales team marketing its nine hotels.

Yakima is positioned well for Washington based association business as it is a central location and can draw from both the east and west sides of the state. The expansion and renovation of the 24,000 sq. ft. convention center was designed to accommodate larger and multiple convention groups. A master plan, covering several blocks surrounding the Convention Center will aid in long term center use. The Holiday Inn offers 8,000 sq. ft. of additional meeting space that is often used as convention center overflow. Cavanaugh's Hospitality Corporation, through its M&M Catering Food Services division, also holds the long term food service contract with the convention center.

Cavanaugh's Hospitality Corporation includes two divisions that have the ability to network entertainment events with hotel packages. The expanded hotel base will allow the entertainment divisions to more aggressively market to the growing leisure segment of the travel industry. G&B presents, an established presenter of entertainment in the Inland Northwest, and the Cavanaugh's Central Reservation Call Center provide a way to bring additional entertainment events to the Yakima entertainment venues.

Cavanaugh's Hotels announced in June a new travel partnership with Alaska/ Horizon Airlines whereby both Companies will aggressively market hotel/air travel combinations to the commercial, convention and leisure segments. Airport boardings in the city have increased 42.5% during the period of '92-'96 period and the Cavanaugh's/Alaska partnership expects to continue that growth.

Cavanaugh's Hospitality Corporation is the newly named parent corporation of Goodale and Barbieri Companies, serving the Northwest with hospitality, entertainment and management services.