

Proposed Site & Offer to Purchase

1. The appraised value of the site is identified at \$900,000. The City's offer to purchase is approximately \$2 million? Why would the City pay more for the site than it is worth? Why doesn't Outagamie County invest in this project since it is a boon for the whole region? It seems they are taking advantage of Appleton taxpayers for this piece of property.

The County response is as follows:

The County initially acquired the property in 2004 as a means of accommodating existing and future demand for parking and facilities at the County's downtown campus. Expanding county parking on this site allowed the county to be respectful of the Historic Third Ward neighborhood, and accommodate parking needs in a location that had less impact on the residential neighborhoods. The site currently accommodates a surface parking lot for county employees and visitors, with conceptual plans to expand parking (when demand increased) onto the portion of the property where the convent was previously situated.

The County has experienced and will continue to experience growth in terms of staff and residents served at the downtown campus, which has necessitated the county to initiate a campus master planning process (to be completed late spring, 2015) to address space and safety needs for the County's downtown campus. Solutions being contemplated within the plan will need to ensure that additional facility growth occurs within the existing footprint of the downtown campus, excluding the Expo Center site. Selling this property for use by the Expo Center presents unique design challenges for the County in the event that one or more of the downtown campus buildings require expansion. The county is contributing greatly to the Expo Center project by foregoing future expansion options for their downtown campus.

The county's bottom line was to be made whole on prior investments in the property and parking. The City's offer almost makes the County whole for acquisition costs, demolition of the St. Joes School and Convent buildings, and investment in property improvements and parking (see table below). Upon closing of the sale of the property, the funds will be committed for future land acquisition or expansion per Resolution 18-2011-12 and Resolution 17-2014-15.

St. Joes Property Acquisition	\$951,588
St. Joes School Demolition	\$471,338
Parking Lot Construction	\$126,971
Convent Property Acquisition	\$475,722
<u>Demo of St. Joes Convent</u>	<u>\$40,019</u>
Total County Investment This Site	\$2,065,638

2. Outagamie County proposed selling the site for \$1 if the City builds the county a parking structure on its existing parking lot. What would that cost the City? Would it be a better deal?

A 575 stall parking structure would cost approximately \$10 million - approximately 5 times the cost for the proposed site.

3. Why is there only one site (owned by Outagamie Co. on Lawrence Street) being considered for this project? Is it true that no other property, such as a property on the other side of College Avenue, could be obtained for a comparable price to the parking lot that currently belongs to the County?

The Convention Center Community Coalition (CCCC) completed an analysis of optional sites and shared their report to the community in December 2010.

Below is an excerpt from the CCCC Report.

The three options we examined include:

- 1.) Outagamie County parking lot area. The lot (formerly the St. Joseph School site), along with portions of adjacent properties including the old St. Joseph convent building (currently leased by the Housing Partnership of the Fox Cities), additional county parking and the edge of Jones Park. This area is bound by Lawrence Street, Elm Street, Eighth Street and Jones Park.
- 2.) Division Street and College Avenue site. This site is south of the alley and includes at least Luna night club and Evans Title building, perhaps extending through Jerry's Pipe Shop, Park Central night club and Windows of Light store. The area is currently owned by private parties.
- 3.) Midtown Parking Ramp site. This site, between Superior and Appleton Streets, north of Lawrence Street, currently serves as one of Appleton's primary parking ramp resources. Owned by City of Appleton parking authority, it is considered to have 10 to 15 service years remaining.

Before proceeding, it was agreed that we needed to fully understand the assumptions upon which we would base our assessments of the options. These assumptions related to factors that would impact the size of the potential property as well as the need to connect to the facilities already existing within the Radisson.

Assumptions

Per the Feasibility Study recommendations:

- a. The Exhibition Center would offer from 30,000 to 35,000 square feet of leasable, dividable, column-free space.
- b. Support space required for such a facility (exhibit hall only), e.g. independent loading, public access, storage, climate control, etc., would equal an amount about half of the leasable space or 15,000 to 17,500 square feet.
- c. Parking is listed as an "X factor". It is considered more fully in Chapter X.

Per the FCCVB and meeting planners:

- a. All exhibit space on one floor is desired by convention industry professionals.
- b. The flow between spaces (Exhibition Center and hotel meeting rooms and banquet hall) is critical to creating a successful convention space that generates return business.
- c. Ease of access for moving equipment, displays, products, etc. in and out of the facility is likewise critical to recurring business.

Per the management of the Radisson:

- a. Given the layout of the hotel's ballroom and meeting rooms, the best flow between the existing facilities and an Exhibition Center would be achieved on the south side of the hotel building, across Lawrence Street. A facility to the north, across College Avenue, could be workable but more difficult. A facility to the east across Superior Street would be the most difficult.
- b. Connection between facilities is important, especially the ability of staff and services to move between facilities out of view of customers.

For assumption purposes, we concluded the best site will provide us an opportunity to construct an Exhibition Center that can operate seamlessly with the Radisson. It will be so accessible and user friendly that meeting planners, convention goers, vendors, exhibitors, and other visitors will want to return again and again. To achieve such an exhibit space, the building footprint would ideally be not less than two acres.

Analysis Process

Given the charge and the assumptions outlined above, the committee began the assessment of sites by establishing and weighing the following criteria:

1. Access to/availability of parking (overall importance: High). Proximity of adequately designed and populated parking resources for both extended-stay and short-term service.
2. Connectivity: Transportation (overall importance: High). Capacity to serve shipping/trucking service routes and access.
3. Proximity to existing display/meeting facilities (overall importance: High). Ease of movement between existing ballrooms and meeting rooms, and any Exhibition Center trade show space.
4. Site functionality: Site shape (overall importance: High). Practicality of topography/condition of site.
5. Ingress/egress: Access to facilitate pedestrian movement (overall importance: Medium). Capacity to provide exceptional opportunity to navigate downtown and reach areas such as riverfront, Fox River Mall, and downtown Neenah quickly and easily.
6. "WOW!" factor contribution (overall importance: Medium). Potential of site to add to the facility's ability to stand out among competitors and be a place people truly want to return to often.
7. Clustering of assets: Physical proximity PAC/Radisson/Copper Leaf, etc. (overall importance: Medium). Number and quality of assets leveraging/leveraged by Exhibition Center (creating a convention site greater than the sum of its parts).
8. Clustering of assets: Programmatic relationship with/to other facilities (overall importance: Medium). The working relationship capability/potential with surrounding resources.
9. Connectivity: Other city assets (overall importance: Medium). The potential to "integrate" with current city/hospitality assets to increase service customer service impact.
10. Attainability/availability of site (overall importance: Medium). Ownership of possible sites; particularly as pertains to cost/availability/complexity of ownership.
11. Site contiguity (overall importance: Medium). Ability of site to meet assumed size requirement.

12. Ingress/egress: Access to facilitate vehicular traffic (overall importance: Medium). Capacity to provide exceptional opportunity for guests using vehicles to ingress/egress downtown and reach other areas of interest.
13. Site functionality: Visibility (overall importance: Low). Site dominance/impact capacity. "Landmark" potential within the downtown.
14. Connectivity: Availability of public transit (overall importance: Low). Relationship to bus, taxi, limousine, shuttle, tourist/touring capabilities.
15. Engagement with city/private development/growth plans (overall importance: Low). Does site accommodate/facilitate/stimulate current/future growth and development of central city/Fox Cities?
16. Status of available parcel(s): Tax status (exempt/taxable) (overall importance: Low). Current availability as a taxable or nontaxable entity (preference to maintain taxable properties on tax rolls).

Alternative choices were considered with respect to each of the criteria. As criteria were evaluated and weights assigned according to which factors were considered to be most significant, the factors were sorted in order of importance. Similarly, as choices were evaluated according to effectiveness in meeting criteria, the best choices migrated to the top of the list. When the process was complete, the best choice emerges at the top.

Based on a careful evaluation of how well each of the three possible choices could meet the 16 major criteria, the Outagamie County parking lot area was determined to be the most adequate of the sites considered.

Securing parcels of property on College Avenue and Division Street would be much more costly than the proposed purchase price for the site owned by Outagamie County.

4. Doesn't the old ravine run through the proposed exhibition center site? Is the land capable of holding a large building?

A geotechnical analysis was recently completed confirming that the historic ravine did run through this parcel and that with the proper foundation, this site is buildable. History shows a school and a convent were previously built on this site.

5. Is the proposed site for the exhibition center contaminated? If so, who will pay to clean it up? Is the money in the escrow fund for remediation enough to cover all remediation to meet DNR requirements? If not, how will the expense be covered?

Petroleum is a known contaminant on this site. The petroleum will need to be mitigated. There is an escrow fund held jointly by St. Joes and Outagamie County that is transferable to the City of Appleton upon purchase and close of the proposed site. The escrow fund has approximately \$160,000 to be used to mitigate the site.

At the ARA meeting on Wednesday, February 11, 2015, the environmental consultants were asked if, in their professional opinion, with the knowledge they currently have about the site, would this escrow fund be enough to clean up the petroleum contamination? They responded yes.

All construction costs (remediation included) associated with the project will be supported by bonds.

6. How will parking be provided for the attendees of the exhibition center?

The Walker Parking Study concluded that the demand for approximately 80 parking spaces would be generated by the Exhibition Center and that demand would be met by current unoccupied parking spaces in the nearby Red Ramp.

7. If the Exhibition Center would need to expand in the future, how would it expand?

More than likely, expansion would be into Jones Park.

8. Why wasn't the purchase agreement brought before the Common Council in June 2014?

The original plan was to bring the Purchase Agreement forward with the Management Agreement with the hotel and an Inter-Municipal Agreement for the increase in the Hotel Room Tax. However, for many reasons, the Management Agreement and the Inter-Municipal Agreement for the Hotel Room Tax were not progressing as quickly as originally anticipated, so presentation of the purchase agreement was delayed.

The Purchase Agreement was eventually brought forward in December since the monies to purchase the proposed site were in the 2014 Budget.

Feasibility of an Exhibition Center

1. If an exhibition center is such a catalyst for economic growth in a community, why wouldn't the private sector build the center?

Simply because a project is a catalyst for economic growth in a community does not mean the project is economically viable for the private sector to develop. Ex: Building/operating an airport, creating/managing an event, sporting complex.

Additionally, the Custom Sports & Leisure (CSL) consultant, retained by the Convention and Visitors Bureau (CVB), reported his update in Spring of 2014 and encouraged continuation of the exhibition center project indicating that the prognosis was very positive. In evaluating the progress from 2008 to 2010, the report pointed out that the City had not taken a necessary highly visible leadership role. It also pointed out that the ownership model suggested by the FCEC Board was unique and that he believed this structure created property tax challenges for the long run. Under the present model, the Center would be subject to property taxes - atypical for convention facility projects of this nature industry-wide. Even at the relatively low levels proposed for the initial years, the property tax issue will effectively be a burden on any future sale of the hotel and will likely negatively affect future hotel

valuation. Unlike the Performing Art Center which qualifies as a 501c3, the Fox Cities Exhibition Center (FCEC) Board did not since it has neither a charitable or educational purpose; as a result, it may be subject to property and income taxes. The consultant's view was that an ongoing challenge with property tax could be avoided via City ownership and if not City ownership, the long-term viability of the Exhibition Center would more than likely be in question due to the tax burdens.

2. Should a city be in the exhibition center business? Why not a non-profit owner, such as a 501c4?

In most cases, the municipality in which the exhibition center is located owns the facility. The cost to build an exhibition center is significant. The return on investment to the owner often does not include recovering all of the dollars spent. However, the value of the investment to the broader community is significant. It is the potential return on the investment to the broader community that propels municipal governments to decide to invest in such a facility, rather than private entities making the investment.

Information from the “Convention Center Operation Expenses 2008 Benchmarking Survey Reports” from the International Association of Assembly Managers, Inc. was used to better understand the industry’s trends and statistics.

Facility ownership of all facilities was divided as follows:

- State 9%
- County 10%
- City 55%
- Authority 18%
- Other 8%

Facility management of all facilities was divided as follows:

- Public 48%
- Authority 19%
- Private 28%
- Other 5%

City ownership of the Exhibition Center allows for a higher level of oversight, greater control of the operations and management of the Center, and an increased ability to mitigate risk through a detailed negotiated Management Agreement (MA). The City will be able to guide, control, and impact expectations, operations, and management.

Not for profit ownership creates an ongoing challenge with property tax that could be avoided via City ownership and, if not City ownership, the long-term viability of the Exhibition Center would more than likely be in question due to the tax burdens.

3. Why should an exhibition center be in downtown Appleton attached to the Radisson? Why not build an exhibition center on a large site that is not tied to the hotel?

The 2008 CSL Study indicated that the Fox Valley had a convention quality hotel in the Radisson Paper Valley (RPV), and that the RPV also had ample ballroom and meeting space. What was missing in the Fox Valley was exhibit space.

The CSL Study also cautioned against building a stand-alone hotel to create this exhibit space. The concern raised by CSL was that introducing a new stand-alone hotel (that included exhibit space) to the market would dilute the “bottom line” of the existing hotels and jeopardize their viability.

The CCCC study found it was clear that several factors enter into determining the best location for an exhibition center, with some factors being more important than others. It is critical to the success of the exhibition center to be located next to or attached to sufficient convention-quality hotel rooms and parking. The “walking-around” proximity of an exhibition center to other venues such as shopping, restaurants, bars, museums and entertainment is also important and adds to the overall “attractiveness” of an exhibition center site. Also, the proximity to major transportation routes and the ease of “getting there” are important as well in site selection.

4. How do the hotels in the Fox Cities that are not in downtown Appleton feel about the exhibition center?

Through letters, emails and conversations, most are supportive as they see the need for additional exhibit space.

5. The projected economic impact from the development of an exhibition center changed from the original feasibility study by Convention Sports and Leisure (2008) to the updated feasibility study (2014) completed by CSL. Why?

Two primary reasons: changes in the market demand based on the economy not being fully recovered from the Great Recession and the proposed design of the expo center.

The initial 2008 CSL Study set an annual economic impact at around \$8.5 million. In 2008, we did not have a design concept for the building. The follow-up study in 2014 reduced the economic impact to around \$6.5 million using the proposed design done by the Fox Cities Expo Center Inc. group. The proposed design included a fully carpeted space. This can preclude certain types of events from using the space, which impacts the overall economic generation potential.

6. Does the hotel have a business plan that supports the viability of operating an exhibition center? Approximately how many conferences/events are lined up and waiting to bring their business to this center?

The LNR/Radisson Paper Valley (RPV) has a detailed business plan which is proprietary and confidential. However, a non-disclosure agreement allowed our consultant to obtain, review and analyze on our behalf financial documents including but not limited to, financial reports for 2013 and 2014. Based upon the information provided, the Paper Valley Hotel has adequate financial performance to operate the exhibition center and to carry out the associated costs as part of the operation of the hotel.

CVB has a list of approximately 68 organizations that could potentially utilize this space should it exist. However, it is unrealistic to expect these organizations to commit to using a facility that does not exist.

Once construction begins, CVB and RPV would begin to book commitments for the facility.

7. CSL is a leading expert on exhibition centers. Do they ever recommend not building a center? If so, where and why? Is there a report available comparing CSL projections to actual performance of projects?

Response from Pam Seidl: When the Fox Cities CVB put out the RFP for the initial feasibility study in 2008, one of the questions we asked each firm was "have you ever said 'no'" to a facility you studied. All five of the finalists to the RFP had said no to a project, and several also noted they regularly recommend waiting or doing a project significantly different than proposed.

Response from CSL Consultant: Roughly a quarter of the studies CSL works on involve some kind of a recommendation that could be considered "negative" or involve a redirection of project focus. Our track record of objectivity - and in particular, our record of negative assessments - normally is a way that we distinguish ourselves from our industry competitors.

Keep in mind that the very fact that our clients are willing to spend \$50-60k on a study typically means there are some significant/relevant indicators or reasons to believe that "something" might be needed in the local market. As such, it isn't logical that negative market feasibility conclusions would be coming in at a significantly higher rate than they in fact do.

Further, upon receiving a report with a negative conclusion, many of our clients understandably elect not to publicize, publish, or circulate such report (which, in turn, makes the findings/reports less visible to the public, as well as industry critics). In fact, many of these reports are never finalized and remain in "draft" mode indefinitely.

Nevertheless, here's a list of studies that I've led that come to mind that would be considered "negative" feasibility conclusions:

- Black Hawk, CO (new convention center)
- Cullman, AL (new conference center)
- Dunn, NC (new event center)
- Evansville, IN (new event center)
- Franklin, KY (new conference center)
- Ft. Wayne, IN (expanded convention center)
- Great Falls, MT (new convention center)
- Hammond, LA (new convention center)

- Homer, AK (new conference center)
- Kansas City, MO (expanded convention center)
- Lincoln, NE (new convention center)
- Minot, ND (new event center)
- Moore County, NC (new convention center)
- Owatonna, MN (new convention center)
- Queens, NY (new convention center)
- Salisbury, NC (new convention center)
- San Mateo, CA (new conference center)
- Temple, TX (new convention center)

Many times, if the facility concept as originally envisioned by the client was determined to not be feasible, we often investigate and, if viable, recommend an alternate project that would likely possess more return-on-investment merit that still works to meet the overall mission/objectives that the client was fundamentally interested in. For instance, in Franklin KY, we effectively concluded that a new conference center would not be feasible; however, an indoor equine arena would represent a more feasible project that better ties into the strengths/assets of that particular community. Likewise, in Great Falls, MT, we told them public sector investment in a new convention center was not feasible; however, a new sports/entertainment arena would be feasible to replace the obsolete facility the County presently operates. In other cases, it would be that a stand-alone convention center was not feasible; however, if the public sector desired to invest in something to grow visitation/economic impact, a more prudent course of action could be incentivizing a private investor to pull the trigger on a new full-service hotel development in the community (that wouldn't have otherwise occurred without a public sector incentive).

Answering “what is the current status of facilities that CSL has recommended?”

Over the past 25+ years, CSL has performed more than 500 markets, financial, economic and operational studies concerning convention centers, conference centers, hotels and other public assembly facilities. These studies have included both new facility development, as well as facility expansion/improvement.

Below are a few examples:

Sanford Center, Bemidji, Minnesota - In 2006, CSL completed a feasibility study for the Sanford Center (convention center and arena). CSL also assisted the City evaluate a potential transaction and partnership with a private hotel developer, selecting a private management firm, and negotiating a lease agreement with Bemidji State University. The facility opened in October 2010. Based on recent conversations with City officials, event levels and financial operating performance of the Sanford Center has closely approximated original CSL projections.

Davis Conference Center, Layton, Utah - In 2006, CSL completed an expansion feasibility study for the Davis Conference Center. Based on CSL recommendations, Davis County broke ground on the Conference Center's expansion to incorporate a multipurpose exhibit hall and junior ballroom. The project was completed in 2008. Based on recent conversations with County officials, the annual operating deficit generated by the expanded facility has closely tracked CSL's initial year projections.

New Bern Riverfront Convention Center, New Bern, North Carolina - In 1996, CSL personnel completed a feasibility study for a new convention center in New Bern, North Carolina. The project was pursued and the facility was developed, with an opening in 2000. While the mix of events and revenues estimated through the original study and that which ultimately materialized differed to a degree, original projections for facility utilization and economic impact were very close to actual operations (320 utilization days projected vs. 333 actual and \$7.0 million projected economic impact vs. \$6.9 million actual). It is believed that the difference in the mix of events currently hosted by the facility (and resultant revenues) is partially a function of a somewhat different program of space that was ultimately integrated into the facility (relative to what was outlined in the study) and higher than expected growth in and penetration of smaller local and state event markets.

Northern Kentucky Convention Center, Covington, Kentucky - In 1993, CSL personnel completed a feasibility study for a new convention center in Covington, Kentucky. The new center was completed in 1998. Based on conversations with facility management and convention & visitor bureau representations, convention and tradeshow event levels at the new center have generally been consistent with our original projections. However, the number of corporate events hosted by the Center over the past five to six years has been in excess of the amount projected (upon stabilization of operations) by CSL personnel. This is largely a function of the stronger than expected growth within the nationwide corporate event industry over the past five years as well as a larger than expected penetration into Cincinnati's corporate inventory. In 2001, CSL was subsequently retained again to perform an expansion feasibility study.

Crown Center, Kansas City, Missouri - In 1997/1998, CSL conducted a feasibility study for a secondary convention facility in Kansas City. The facility was developed and opened less than four years later. Conversations with facility management indicate that original event projections provided through the study have been met and recommended space levels were appropriate for the current marketplace.

Morial Convention Center, New Orleans, Louisiana - The Morial Center is one of the largest convention centers in the country, presently offering 1.1 million square feet of contiguous exhibit space. Since its opening in 1985, the facility has undergone two major expansions. In 1987 and 1995, CSL personnel performed the Center's expansion feasibility studies. Each stage of expansion for the Center has allowed it to penetrate into new market areas and has contributed significantly to its market success. Over the past 15 years, the phased expansions have allowed the Morial Center to further penetrate and absorb continued industry growth. In 1999, CSL was again retained to perform a third expansion study. Up until the events surrounding Hurricane Katrina in 2005, the Morial Center's success in attracting events was a testament to (1) the strong and consistently growing appeal of New Orleans as an event destination, (2) very successful marketing efforts, and (3) the greater than anticipated growth in key industry segments for the New Orleans market, such as medical-related events and corporate conventions/tradeshows.

New Washington Convention Center, Washington DC - In 1997, CSL personnel conducted a feasibility study for a new state-of-the-art convention center in Washington DC. Construction on the

facility began on the new facility shortly thereafter. Within several months of opening (in late 2002), CSL was engaged by the Washington Convention Center Authority to perform a detailed 10-year projection of the Center's financial operations and economic impacts. The study was unique in that (1) the facility was within months of initiating operations and (2) a significant base of event bookings had already been secured (particularly for the initial three years). During the first two full years of its operation, the Center hosted 36 and 44 major conventions/tradeshows, respectively. This compares with 43 and 45 major events projected in the original study. The most current information provided by the Center indicates that 2005 operations and future year bookings will be in excess of original projections. It is believed that the lower number of major events hosted in its first year (relative to 1997 projections) was a function of a number of significant effects, including the economic downturn, the events of 9/11 and a lingering hesitancy to travel to high-profile destinations such as Washington DC and New York City. Several years ago, CSL was again hired to conduct an expansion feasibility study for the Center in response to strong Center demand levels and the continued growth in appeal of the Washington destination.

Sioux Falls Convention Center, Sioux Falls, South Dakota - In 1993/1994, CSL personnel conducted a feasibility study for a new convention center in Sioux Falls, South Dakota. Construction of the facility was completed in 1997. Upon completion of what was considered a stabilized year of operations (year five, or 2002), based on information provided by facility management, Center event levels have met and, in some cases, exceeded projected levels in the original study. Financial operating characteristics have also been generally consistent with original projections. CSL was again subsequently engaged by the City to perform other studies, including a feasibility study for a new arena in Sioux Falls. We believe the many incidences of public sector clients who elect to retain us for additional consulting projects highlights the objectivity and value they perceive in our work.

Classic Park, Eastlake, Ohio - In 2000, CSL performed a feasibility study for a new minor league ballpark in Eastlake, Ohio. The facility was developed and completed its first full season in 2003. Original CSL attendance projections estimated stabilized attendance at approximately 4,300. Over the first three years of operation, the facility drew 6,300, 6,100 and 5,900 attendees, respectively. The ballpark is presently one of the highest drawing facilities in Class A—a testament to effective subsequent marketing efforts and a quality product on the field. Given its initial trends, it is expected that attendance might ultimately stabilize at approximately 5,000.

8. Heywood Sanders was quoted in a Post Crescent article disputing the CSL study. Comment and explain please.

Response from CSL - It is important to note that we agree with the basic principle that public sector investment in a convention center is not appropriate for all communities. In some cases, the economic impact "return-on-investment" doesn't warrant the public costs involved. Also, we are not in blanket opposition to anything Sanders espouses. To the contrary, he highlights some markets/case studies in which public sector funding involvement in hotel and convention center projects were ill advised. He also rightly emphasizes the importance of conservative and relevant research and analysis to vet public sector investment opportunities. All of that we agree with.

However, what we take exception with tends to be (1) his highly-selective use of data and case study anecdotes to make blanket conclusions that support his premise, (2) his painting of the entire industry with a broad brush without consideration of high relative ROI opportunities (like in Appleton), and (3) his tendency to opine with incorrect/incomplete information (i.e., like he did in the Post-Crescent

article).

CSL's base research is proprietary information (and as such is not shared with outside consultants) that always forms the foundation of our analysis/conclusions for any study. Many studies that we've worked on involved us providing negative, redirected or less than enthusiastic conclusions/support. Upon receiving a report with a negative conclusion, many of our clients understandably elect not to publicize, publish, or circulate such report (which, in turn, makes the findings/reports less visible to the public, as well as industry critics). In fact, many of these reports are never finalized and remain in "draft" mode indefinitely. Every report that is "publicly-available" does not represent the totality of convention center feasibility consulting products. It's also interesting to note that Mr. Sanders has never once attempted to contact us over the years to request comment, obtain additional information, or to verify his source data/conclusions pertaining to his published criticisms.

Incidentally, as I outlined in my 7/28/2014 email to the CVB, Sanders is categorically incorrect in his interpretation of CSL's projected figures for the Fox Center Expo Center (which provides the faulty premise for his criticism of the project), and despite Nick Penzenstadler of the Post-Crescent emailing me that an article correction would be issued, it apparently did not get corrected.

Here is the email string:

Begin forwarded message:

From: "Penzenstadler, Nicholas" <npenzenstadler@postcrescent.com>

Subject: RE: Fox Cities convention center analysis questions

Date: July 28, 2014 at 12:57:41 PM CDT

To: Bill Krueger <BKrueger@cslintl.com>

Thank you, Bill. I take your point about the difference in room nights and visitors—and forwarded a note to my editors about a change.

-Nick

From: Bill Krueger [mailto:BKrueger@cslintl.com]

Sent: Monday, July 28, 2014 12:16 PM

To: Penzenstadler, Nicholas

Subject: Re: Fox Cities convention center analysis questions

Nick,

The math the quote relates to, and the way the quote is phrased, is still incorrect. If the \$4.0 million in annual direct spending is referenced, it should NOT be associated with room nights for purposes of extracting any “average daily spending” number, as the \$4.0 million relates to ALL visitor spending (overnight, hotel-using visitors PLUS day trip, non-hotel-using visitors....additionally, persons per hotel room assumptions range between 1.1 and 1.3 depending on the event type). If you want to apply "room nights" to the \$4.0 million, it should NOT be referred to as average daily spending per “visitor”—it should be referred to as average daily spending per “room night”. This is different than what that quote communicates. I agree that it is appropriate to focus on “incremental”, which is why we present it as the culmination in our analysis. Therefore, in terms of “incremental”, the correct calculation is \$4,030,650 in annual direct spending, divided by 24,276 annual visitors = \$166 average daily spending. The 24,276 incremental visitor number is calculated by 15,599 overnight visitor days (13,634 room nights * 1.14 avg persons per room) PLUS 8,678 day trip visitor days.

Bill Krueger

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On Jul 28, 2014, at 11:07 AM, Penzenstadler, Nicholas <npenzenstadler@postcrescent.com> wrote:

Thanks for the note and attachment, Bill.

The \$300 figure is attributed to Sanders and his scrutiny of \$4,030,650 of direct spending from 13,634 net new room nights. We spoke about that math on the phone. You pointed out that it may not be the best measure— but that’s what he used in his analysis to us. His point: why would we focus on the total economic impact as opposed to net new? The new facility isn’t slated to produce \$8 million in economic impact, or attract 48,500 new visitors, so why would we use that as a barometer?

We quoted seven sources in our story in support of the facility, and one against.

From: Bill Krueger [mailto:BKrueger@cslintl.com]

Sent: Monday, July 28, 2014 10:38 AM

To: Penzenstadler, Nicholas

Subject: Re: Fox Cities convention center analysis questions

Nick,

I wanted to bring to your attention a prominent error in your convention center arms race article. The

following sentence is incorrect: "Sanders said the \$4 million estimate is high since it would mean each projected visitor would spend nearly \$300 per night, compared to local survey results that show Fox Valley convention visitors generally spend about \$126 per night."

The average visitor spending used in the 2014 analysis was \$166.03, not "nearly \$300 per night". \$8,061,300 direct spending divided by 48,552 visitors (31,197 overnight days + 17,355 day trip days) = \$166.03. The daily spending average is essentially the same when you drill down to the "incremental" economic impact, which is the focus of your piece. This daily spending level is below nationwide industry averages and accounts for spending on hotels, meals, retail, transportation, entertainment, and other purchases. Attendees of conventions and conferences normally have higher daily spending than attendees of events such as trade shows, public/consumer shows, etc. Likewise, non-local attendees of banquets and receptions normally also have lower spending patterns as well, due to more of them being day trips (rather than overnight stays), one applicable meal per day instead of three per day, etc. Average daily spending by the average non-convention center using "leisure" traveler is lower as well.

If I had known that Mr. Sanders would factor so prominently in your article, without him visiting the Fox Cities or having access to our foundational research and analysis detail, I would have spent more time with you to cross check the information and criticisms you were going to include, and also would have forwarded the attached article that offers counters to many of Mr. Sanders claims and arguments.

Bill Krueger

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9. Would the Convention & Visitors Bureau still support the exhibition center if it was built in another community?

Per Pam Seidl - Yes, if the economics of the situation matched the recommendations of our feasibility study. The Bureau serves 20 municipalities in the Fox Cities. The location is more about the existing hotel than it is about the community. If that exact hotel was located in another community, we would more than likely be pursuing the expo center in that community.

Currently, none of our other hotels are of the convention quality (number of sleeping rooms and meeting space) as the Radisson. Multiple potential locations around the Fox Cities were identified in the initial feasibility study, but all were deemed cost prohibitive because they would have required the construction of a convention-quality hotel along with the expo center.

10. Would the Chamber of Commerce still support the exhibition center if it was built in another community?

“Yes, if it were economically feasible,” stated Josh Dukelow.

11. What is the sequencing for the development of the Exhibition Center? Critical decisions include: Fox Cities municipalities increasing the room tax, borrowing bonds, determination of room tax amount, determination of building design and costs (will the design completed by Fox Cities Exhibition Center Board be used)?

This is a complicated project with many moving parts - some parts move on their own track, some parts together at times and then separated at other times.

Drafting, negotiating and reviewing of the Management Agreement with the hotel is underway. Council will vote on this agreement.

There has been much work completed on the financial modeling needed for the bonds. There is still much work to complete prior to the issuance of the bonds. ARA will issue the bonds.

Review and drafting of the agreements needed to support payment of the bonds will be developed in collaboration with our neighboring municipalities. City of Appleton Council will need to approve the Appleton agreement.

Hinshaw & Culbertson worked pursuant with their contract previously approved by ARA. H & C will request input from others as needed.

Timing of completion is uncertain as the City of Appleton does not solely control the pace.

The design work spearheaded by the FCEC Board will be used, but that work is not in a completed form to use for bidding the project. The cost of the project will not be known until bids are returned; however, an updated estimate will be available upon completion of final design documents.

12. The KI Center in Green Bay has been identified as our most significant competitor. What would this Exhibition Center provide that the KI doesn't? What are the details of the proposed center's "competitive edge"?

Pam Seidl stated, “The KI would be one of about five in our competitive set (LaCrosse, Madison, Kalahari, Chula Vista being the others). I would not portray it as our "most significant" competitor. It is the one people recognize because it is geographically the closest to us, so it has the most potential to pull business away from us if a group wants to meet in Northeastern Wisconsin.

Our competitive edge is the number of hotel rooms we would have attached to the center and the quality of Appleton’s downtown.

Our center would also have more hotel rooms attached than most of its competition. The Radisson has 395 rooms. Green Bay has 241, LaCrosse 283, and Madison 240. In LaCrosse, Green Bay, and

Madison, groups generally have to negotiate with multiple hotels to get enough sleeping rooms. Something that adds complexity and cost.

Our proposed operating arrangement with the hotel as the operator of the expo center provides another competitive advantage: "one-stop shopping" for the meeting planner. In LaCrosse and Madison, a meeting planner has to negotiate separate contracts with the convention center and the hotel. In our proposed scenario, the hotel would negotiate the contracts for both. This is a huge benefit to the meeting planner.

Meeting planners identify the availability of many business-quality restaurants and entertainment venues within a short and direct walk of the convention hotel as a huge benefit and something that would entice them to choose Appleton. While several of the other competitive set communities have some of these amenities, none can match Appleton's downtown. It is linear and compact and ranks very high in safety and cleanliness.

It's important to put Oshkosh in perspective. The hotel has 176 sleeping rooms and very limited meeting space in the hotel. The convention center has 18,000 square feet of space. The Paper Valley on its own is basically larger than the combo of hotel/convention center in Oshkosh and so we don't see this as a true member of the competitive set should we build the expo center."

13. What data supports the assertion that without the Exhibition Center, the Paper Valley Hotel will fail? Data presented recently is the hotel has had a series of record months.

The City is not aware of data that supports the hotel failing if the Exhibition Center is not built.

City of Appleton's Role

1. What role will the City of Appleton assume for the development of an exhibition center?

The City of Appleton is facilitating coordination of this project with our community stakeholders.

The City of Appleton will need to approve the Purchase Agreement, the Management Agreement and the Inter-Municipal Agreements for the Hotel Room Tax.

The Purchase Agreement has been presented to Council.

The Management Agreement will be drafted, negotiated, reviewed and Council will vote on the agreement.

Elements included in a Management Agreement include:

- Physical structure such as size, attached to hotel and location
- Ownership, management and marketing of structure
- Revenue structure detailing revenue stream, lessee responsibilities, owner responsibilities, operations, repair and maintenance, term of lease, rent, taxes, assessments, renewal/extension /transfer of rights and obligations
- Permitted uses such as full service, first class exhibition center operated to a specific standard

hotel (Ex. Three Diamond Construction detailing coordination, timing, landlords/tenants obligation

- Legal compliance
- Landlord/tenant insurance requirements, rights, obligation to repair/rebuild/expand
- Termination rights, application of insurance proceeds, indemnities, waiver of subrogation, named as additionally insured, condemnation, awards, assignment subletting
- Default and remedy

The Inter-Municipal Agreement would address the hotel room tax. Appleton and the 8 other municipalities collecting the hotel room tax would need to vote on the agreement.

Risks and gains involved:

- The risk of repayment of the construction financing is wholly with those purchasing the hotel room tax bonds; if the collection of hotel room tax does not cover the debt, the length of the bonds are extended until the bond debt is paid.
- If bonds do not support the total construction, then the rest of the funds need to be non-recourse cash contributions.
- The potential gain to the hotel room tax bondholders is the return on an investment funded by room taxes, which have no connection to the hotel's convention or hospitality operations and will be paid back by the hotel room tax.
- The risk to the hotel ownership is that the effort in marketing and structuring the service program and management of day-to-day activities falls short thus hurting expected profits and eventually reducing the hotel's market share and value.
- The potential gain is the incremental profit from the expanded role of the hotel operations and the market-place valuation this affords.
- The risk to the other hoteliers collecting the room tax is to be collecting a tax for an undertaking that creates less value to them than the collecting effort, or to alternative uses of the tax, if available.
- The gain is increased heads in area beds as well as another potential for increased market-wide demand which can lead to room rate increases.
- The risk to the City is that the hotel eventually fails to meet market place expectations causing decreases in other downtown business. The potential gain is to the City is improved downtown business positioning and related impact of quality of life for the community as well as tax revenues.

2. Are there other ownership options for the exhibition center? Were they reviewed?

Ownership options were reviewed with the CCCC . Most recently, Hinshaw & Culbertson reviewed the following governance/ownership options:

Public - Appleton Redevelopment Authority (ARA)
Local Exposition District Wis. Stat. 229.41
Local Cultural Arts District Wis. Stat. 229.840

Private Non-Stock - Fox Cities Convention and Visitors Bureau
Fox Cities Performing Art Center
Fox Cities Exhibition Center, Inc.

3. What is the relationship between the City of Appleton and the Fox Cities Exhibition Center Inc.? Why didn't the FCEC continue leading this project?

The Fox Cities Exhibition Center Board was created after the CCCC Report to the Community. It is an independent organization, and the City does not have control or authority over this organization. There is a collaborative partnership between FCEC Board and community stakeholders.

The FCEC Board was selected to include respected people from throughout the Fox Cities who had a passion for the goal and a capacity to get it done, assuming support from the three initial stakeholders (Chamber, CVB & City). Service on the FCEC Board was as a community volunteer, and many members donated time and resources.

Additionally, the transfer of the project to the City was a political and financially motivated move prompted by the CSL Updated Report. The CSL Updated Report recommended City ownership and based on the data presented in his report, the Mayor instructed staff to explore and analyze options for City ownership and governance.

The continual delays in the project timeline were not due to unsuccessful work of the FCEC Board, City of Appleton or Stakeholders; they were mostly due to hotel ownership issues.

4. How will the construction of an exhibition center impact the City of Appleton's budget?

The Management Agreement will limit the City of Appleton's liability/exposure. See City of Appleton's Role Question #1. The construction of an exhibition center would be covered by hotel room tax. There is no ongoing budget impact anticipated.

The only significant risk to the City is the effect/impact of not having the EC presence in Downtown and the loss created in terms of incremental property tax revenue. This could result in less profitable business opportunity downtown, and/or the eventual decline of the hotel. The financial posture of the hotel is stronger with the EC than without it. The City "investment" is in the purchase of the site only.

5. If the hotel would cease to provide management services, what impact would this have on the City?

It is anticipated that the agreement with the management company would be effective for many years. The costs of the exhibition center operations appear to be well within the capacity of the hotel to absorb during a startup period. Given the benefit of the exhibition center to the hotel and the relatively low operating costs, the City/ARA would be able to anticipate an issue that would prompt the hotel to no longer manage the exhibition center. More than likely such a scenario would arise because the City/ARA did not come to an agreement on renewal terms after a ten or twenty year agreement. The City/ARA involvement and ownership would allow for a high level of understanding and involvement thus giving a long lead and deep knowledge to any challenges facing the Center - presumably allowing for intervention prior to a default on the MA. However, in the event of a default on a contract, the MA will address in detail utilities, maintenance,

consulting fees, insurance, safety and security, etc. If management services ceased, the City/ARA, would follow the detailed MA, which would more than likely instruct the City/ARA to contract with another third party to manage the day to day operations of the Exhibition Center. The Exhibition Center would most likely still host events through a new management company and contract.

6. Define the roles of the City departments that are and will be involved in the exhibition center project. Specifically, Finance, Community & Economic Development, Public Works, Facilities, Attorney, Human Resources, and Mayor.

The complexity of the proposed Exhibition Center project requires the involvement of numerous staff over multiple City departments. The following is a brief overview of staff's current and anticipated roles to take the project from planning, through construction to on-going operations.

- **Finance** - Oversight of bond issuance, bond payments and room tax receipts, which is also done for the Fox Cities Performing Arts Center project. Provide support during construction ensuring budget authority and adherence to the City's Procurement & Contract Management Policy. Review and approve contracts.
- **Community & Economic Development** - Leading the planning and site development process for the proposed Exhibition Center. One of the City's members of the Fox Cities Room Tax Commission. One of City staff involved in the preparation of the proposed Management Agreement for operations of the Exhibition Center. Oversight of outside legal counsel for specific contractual tasks moving this project towards completion. Advising the Appleton Redevelopment Authority as Executive Director of the ARA on the proposed project and their anticipated role.
- **Public Works** - Engineering, bidding, contract oversight and inspections of the installation of new/reconstructed infrastructure in the proposed project area. Review of site plan for the proposed project. Review and approval/denial of all building, stormwater management, erosion control, street occupancy permits as is typical in commercial construction. Implementation of the parking changes in the County Purchase Agreement.
- **Facilities** - The Facilities Department will serve as Project Manager/Owner's Representative. Per the City's Procurement & Contract Management Policy - *Public Construction Projects*: In accordance with Wisconsin Statute §62.15, all such projects for which the cost is expected to be greater than \$25,000 must be competitively bid. The bidding and awarding processes are detailed in Wisconsin Statute §66.0901. Review and approve payment requests from contractors.
- **Attorney** - Serves as legal advisor to the City, its agencies, officials, and, in some instances, its employees. Provides legal advice and issues formal legal opinions to City departments and officers. Responds to questions and participates in the Fox Cities Room Tax Commission. Drafting, review and approval of contracts with the City and ARA. Oversight of issuing bonds in cooperation with Finance. In accordance with Wisconsin Statute §62.15, all such projects for which the cost is expected to be greater than \$25,000 must be competitively bid. The City Attorney's Office will determine the

applicability of this statute to individual projects.

- **Human Resources** - Serves as the Risk Manager for the City. Review of contracts for City's risk. Securing insurance to protect the City and its agencies for assets, construction, etc.
- **Mayor** - Serves as CEO of this organization and as such oversees processes, directs staff and sets the strategic direction for the project.

7. Clarify the City's role in the actual construction of the exhibition center building verses the actual operations of the exhibition center.

The Director of Parks, Recreation and Facilities would be the project manager/owner's representative overseeing the construction of the facility and bidding all aspects of the project.

Additionally, a 3rd party neutral construction manager, not working for either the architect or contractor, would be hired to provide day-to-day oversight of the project. The construction manager would report to the Facilities Director and would act solely in the best interest of the City.

The construction manager's involvement does not alleviate the Director's responsibility for running the project including decision making, contract administration, design approvals, payment approvals, acceptance of the work, etc. The construction manager would be hired shortly after, or in conjunction with, hiring the architect as there are numerous pre-construction activities where they can provide value. The construction manager would provide extra expertise in design review and development, value engineering, scheduling, quality control, etc.

The City will not be involved in the day –to-day operations/management of the Exhibition Center.

8. Clarify the role of the outside legal counsel, Hinshaw & Culbertson, for this project. Does our contract with Hinshaw & Culbertson address a situation in which the project does not proceed, given we have paid them in full for a scope of work to cover the entire project?

Hinshaw Culbertson was not hired to advocate for one position or another, rather they were hired to assist with and advise on specific scopes. The contracts with Hinshaw Culbertson are based on completing phases of the project and specific scopes of work. The current contract with Hinshaw Culbertson does not cover the entire project.

Hinshaw Culbertson's first engagement letter outlined they would review, perform, research, analyze and evaluate work to date, a high-level financial analysis, ownership and governance structure, GTM and operator, and preliminary environmental.

Hinshaw Culbertson's second engagement letter built upon the work done in Phase 1. The engagement

continued review focusing on finance and matters relating to the hotel. Each of these broad areas was broken down into detailed tasks.

9. How does this project compare, risk-wise, to other projects Appleton has undertaken in the past? What is the City's exposure for this project? Is it just financial? What is the risk and why?

Risk is inherent in every project the City undertakes. Appleton Ice, USA Youth Soccer, and Scheig Arboretum are all projects the City of Appleton has pursued, all with different risks and various levels of risk. Our goal is to minimize risk to the best of our ability while recognizing each project is different.

There are many aspects to risk.

Environmentally, the City has been involved in more complicated and challenging projects than is identified on the proposed exhibition site.

Financially, the City has been involved in numerous projects that required City investment in order to attain economic returns (examples: Home Depot plaza, Gordman's plaza, Valley Fair area redevelopment, Riverheath development, Paper Valley Hotel, Copper Leaf Hotel). The ability to limit the City's exposure will be accomplished through the detailed management agreement (see answer #1 under City of Appleton's Role).

Legally, the City is lead on several initiatives for this project, each requiring a deep scope of experience including Real Estate Law, Construction Law, Environmental Law, Financial Instruments, etc.

Multiple stakeholders require the City to facilitate communication with a broad spectrum of interested parties involved at various levels and times during a complicated detailed process.

Lack of consensus and support on the Hotel Room Tax.

There is also risk in not moving ahead with this project. That risk includes, or potentially includes, a continued loss of convention, tradeshow and event market share, decline in "heads in beds", stagnate vacancy rates, and decline in property tax values.

10. Is the City working with a particular private investor to facilitate the sale of the hotel?

At this point, the City is working with the hotel owners to determine their plans as owners for the future of the hotel. We are aware of multiple interested parties in the potential purchase of the RPV.

11. Why not hold a referendum on building the Exhibition Center?

The total estimated cost to Appleton tax payers is approximately \$ 4 million. The remainder of the cost for this project (approximately \$27 million) is supported by hotel room tax which is generated by people staying in local hotels.

The overall investment of Appleton tax payer dollars is far less than the investment of hotel room tax dollars which is collected by 9 municipalities. The City has invested in a number of projects substantially more expensive than the Exhibition Center and those did not go to referendum.

A referendum question on the construction of the Exhibition Center would be advisory only.

Appleton Redevelopment Authority's Role

1. What role will the Appleton Redevelopment Authority assume with regard to the exhibition center project?

ARA has a budget for miscellaneous site acquisition and projects. The focus of ARA is to promote economic and community development by investing in and growing the community by eliminating blighted areas throughout the community. The goal of ARA is to provide for redevelopment activities throughout the City as necessary to maintain and enhance viable residential, commercial and industrial development.

The City Council and ARA work cooperatively to meet the economic and community development goals of the community.

The City Council will vote on the purchase of the property, the management agreement and the hotel room tax resolution.

ARA has both supportive and lead roles. Supportive role is to assist in the development project with providing funding for testing, consulting, etc. ARA has a lead role and a long precedent of guiding development projects to a successful end. ARA's involvement includes purchase/transfer of land, demolition, mitigation, issuance of RFP's, awarding BIDs/contracts, review of design, analysis of finances, issuance of bonds, etc. ARA has the statutory authority and organization structure in place to oversee this project.

2. What is the difference between the City and the Appleton Redevelopment Authority?

The Appleton Redevelopment Authority (ARA) has been established since 1972 under Wisconsin Statute 66.405 current Wisconsin Statute is 66.1305 et. seq.

Each year, during the budget process, the City Council sets the amount contributed to the ARA budget. The Appleton Redevelopment Authority's primary purpose was to carry out comprehensive blight elimination, slum clearance, and urban redevelopment. The ARA consisted of seven (7) members appointed by the Mayor for five-year terms, except for the Council representative who serves a one-year term. The ARA staff consisted of a Director, an administrative assistant, and a secretary. As originally organized, the ARA was a separate autonomous agency.

Projects managed by ARA include:

Paper Valley Hotel, Landmark Office Building, Lawrence Court, Appleton Center, Houdini Plaza, Soldier Square, City Center Plaza, Evans Office Building, Richmond Terrace, Vulcan Heritage Park, Fratellos, Angelus Retirement Center, Performing Arts Center, Trolley Square, Foremost.

3. How does the Appleton Redevelopment Authority issue bonds for this type of project? What liability or risk is assumed during this type of project financing?

ARA will issue the debt in its capacity as a conduit issuer of debt and, as such, will bear no fiscal responsibility for the repayment of the debt.

It is anticipated that the sole collateral for the bonds will be the hotel room tax. Thus, the only money available to the bond holders for repayment will be the room tax revenue. This limited revenue only bonds protects the issuer from having to use any other revenue or assets to repay the debt obligation.

Hotel Room Tax will be the sole security for the repayment of the debt/mechanism to fund the bonds.

Bonds will be repaid with hotel tax revenue only and no other source.

Hotel Room Tax is paid by visitors to hotels.

A room tax requires the support of the hoteliers and municipalities collecting a hotel room tax.

Local residents, businesses and government are not at risk to pay the debt.

4. How will the construction of an exhibition center impact the Appleton Redevelopment Authority's budget?

Due to the Appleton Redevelopment Authority's mission to promote economic development by investing in the community to eliminate blighted areas and undertake urban renewal initiatives, ARA's budget is highly project driven. Obviously, with the construction of an Exhibition Center, the budget will need to be increased in order to account for the planning, architectural and construction costs of the project as well as the receipt of the bond proceeds to fund these costs. It is likely that these costs will be recouped once the project is fully funded through the revenue bonds. However, the timing of the project may require certain expenses are made prior to the funding of the bonds.

5. If the hotel would cease to provide management services, what impact would this have on the Appleton Redevelopment Authority?

City/ARA involvement and ownership would allow for a high level of understanding and involvement thus giving a long lead and deep knowledge to any challenges facing the Center - presumably allowing for intervention prior to a default on the MA. However, in the event of a default on a contract, the MA will address in detail utilities, maintenance, consulting fees, insurance, safety and security, etc. If management services ceased, the City/ARA, would follow the detailed MA, which would more than likely instruct the City/ARA to contract with another third party to manage the day-to-day operations of the Exhibition Center. The Exhibition Center would still host events through a new management company and contract.

1. How will the exhibition center project be funded? Who will have to borrow the money to pay for the exhibition center? Who will have to guarantee the money to pay for the exhibition center?

ARA will issue the debt in its capacity as a conduit issuer of debt and, as such, will bear no fiscal responsibility for the repayment of the debt.

ARA has no taxing powers and the debt is not an obligation of the ARA, Outagamie County, the State of Wisconsin or any political subdivision.

The debt will be sold in Series A (through the retail bond market) and/or Series B (through the private placement) bonds.

If estimated hotel room tax revenue falls short, the time for repayment will be extended. As long as it takes to pay back, that is the amount of time it will take.

Hotel Room Tax will be the sole security for the repayment of the debt/mechanism to fund the bonds.

Bonds will be repaid with hotel tax revenue only and no other source.

Hotel Room Tax is paid by visitors to hotels.

A room tax requires the support of the hoteliers and municipalities collecting a hotel room tax.

Local residents, businesses and government are not at risk to pay the debt.

2. What is the current room tax for hotels in Appleton and the Fox Cities?

Fox Cities Room Tax

Municipality	Total Tax	Tax Usage of Gross Collections
Town of Grand Chute	6%	2% to PAC; ¼ of remaining 4% to general fund and rest to CVB
City of Appleton	6%	2% to PAC; 1% to PAC contingency fund; Of remaining 3% - 5% to general fund, 95% to CVB
Village of Kimberly	5%	2% to PAC; of remaining 3% -- 5% to general fund, 95% to CVB
City of Kaukauna	5%	2% to PAC; of remaining 3% -- 5% to general fund, 95% to CVB
Village of Little	6%	2% to PAC; 1% to general fund; of remaining 3% -- 5% to

Chute		general fund, 95% to CVB
Neenah	5%	2% to PAC; of remaining 3% -- 5% to general fund, 95% to CVB
Town of Neenah	5%	2% to PAC; of remaining 3% -- 5% to general fund, 95% to CVB
Town of Menasha	6%	2% to PAC; 1% to general fund; of remaining 3% -- 5% to general fund, 95% to CVB
Village of Sherwood	3%	5% to general fund, 95% to CVB

Notes:

- Each of the municipalities exacts a 5% handling fee from the taxes collected. That money goes to their general fund.
- The Bureau divides the room tax into two funds. The largest portion goes into the general operating fund and the remainder goes into a Tourism Development Fund to give grants, mostly to "bricks and mortar" projects designed to make the community more attractive to visitors.

3. How much room tax will be used to build an exhibition center? Does that prevent/limit future projects in the Fox Cities to encourage more tourism? How are the room tax revenues collected each year used to fund the construction of the exhibition center? Are the room tax revenues supporting other projects now? How much room tax is currently being used for other projects, such as the Performing Arts Center? Will an increase in room tax take away funding from other projects? How much room tax would be available for any future projects if the room tax rate is increased for the exhibition center? Is there a limit on how much room tax can be used for just one project or one community?

Deterministic financial modeling has been completed in order to analyze the funding needed. There are several scenarios based on different assumptions and outcomes.

With regard to the question concerning the possibility of a room tax in Appleton exceeding the statutory limit of 8% even if the City is part of a tourism zone: Our preliminary research in response to this question would seem to indicate that such an arrangement is possible and would have to be clearly spelled out in the Inter-municipal Agreement.

If hotels and municipalities want to “marry” the exhibition center, the sports facility upgrades and/or a potential new facility or opportunity, then the hotel room tax would more than likely need to increase to 10%. A hotel room tax would not be higher than 10% since competitor markets are not higher than this.

Hotel room tax revenues are used currently to support the CVB and the PAC.

An increase in hotel room tax will not take funding away from the CVB or PAC.

4. Will all communities in the Fox Cities provide their room tax revenues to support an exhibition center in Appleton?

All 9 municipalities collecting hotel room tax would need to support the inter-municipal agreements needed to make the financial modeling work for this project. If all municipalities are not in agreement, then this project will not go forward. In multiple conversations with leadership, we have been told if the hoteliers are supportive of this project, then the municipalities will be supportive.

Also, the idea of “marrying” the Hotel Room Tax increase process with the EC and upgrading existing sports facilities, building a new sports facility, or another tourism generating opportunity seems to have more support than just the EC alone.

5. Who issues bonds to pay for the exhibition center?

ARA is the conduit to issue the bonds, just like they did for the PAC.

6. What if the bonds cannot be repaid by the room tax?

Hotel Room Tax is the sole revenue stream to repay the bonds. Ex: If we would have a depression and the collection of hotel room tax declined and was not able to meet the annual debt on the bonds, the hotel room tax would simply be extended until the bonds were repaid.

7. Who will pay for the daily costs of the exhibition center (staff, services, utilities, etc.)?

The RPV as detailed in the MA.

8. Can the bonds issued for the exhibition center also pay for the purchase of the land?

Technically yes, politically no as the other municipalities would view that Appleton has no “skin in the game” and they would not support an increase in the hotel room tax.

9. Explain the legal aspects of Wisconsin SS 66.0615 in terms of room tax and forfeitures.

City of Appleton, Attorney Walsh did a presentation to the Hotel Room Tax Commission in October 2014.

Wis. Statute is 66.0615(2) addresses hotel room tax forfeitures - starts in the left column.

Fox Cities Room Tax Commission
 October 21, 2014

Fox Cities Room Tax Commission
Statutes
§66.0615 Room Tax; forfeitures.
 (1) In this section:
 (a) "Commission" means an entity created by one municipality or by 2 or more municipalities in a zone, to coordinate tourism promotion and development for the zone.

Fox Cities Room Tax Commission
Statutes
 (b) 2. If 2 or more municipalities in a zone impose a room tax under par. (a), the municipalities shall enter into a contract under s. 66.0301 to create a commission under par. (c). If no tourism entity exists in any of the municipalities in the zone that have formed a commission, the commission shall contract with another organization in the zone to perform the functions of the tourism entity. Each municipality in a single zone that imposes a room tax shall levy the same percentage of tax. If the municipalities are unable to agree on the percentage of tax for the zone, the commission shall set the percentage.

Fox Cities Room Tax Commission
Statutes

(b) 3. A commission shall monitor the collection of room taxes from each municipality in a zone that has a room tax.

Fox Cities Room Tax Commission
Statutes

(b)4. A commission shall contract with one tourism entity from the municipalities in the zone to obtain staff, support services and assistance in developing and implementing programs to promote the zone to visitors.

Fox Cities Room Tax Commission
Statutes

(c)2.a. If the commission is created by more than one municipality in a zone, the commission shall consist of 3 members from each municipality in which annual tax collections exceed \$1,000,000, 2 members from each municipality in which annual tax collections exceed \$300,000 but are not more than \$1,000,000 and one member from each municipality in which annual tax collections are \$300,000 or less. Except as provided in subd.2.b., members shall be appointed under subd. 3.

Fox Cities Room Tax Commission
Statutes

(c)2.b. Two additional members, who represent the Wisconsin hotel and motel industry, shall be appointed to the commission by the chairperson of the commission, shall serve for a one-year term at the pleasure of the chairperson and may be reappointed.

Fox Cities Room Tax Commission
Statutes

(c)3. Members of the commission shall be appointed by the principal elected official in the municipality and shall be confirmed by a majority vote of the members of the municipality's governing body who are present when the vote is taken. Commissioners shall serve for a one-year term, at the pleasure of the appointing official, and may be reappointed.

Fox Cities Room Tax Commission
Statutes

(c)4. The commission shall meet regularly, and, from among its members, it shall elect a chairperson, vice chairperson and secretary.

Fox Cities Room Tax Commission
Statutes

(c)5. The commission shall report any delinquencies or inaccurate reporting to the municipality that is due the tax.

Fox Cities Room Tax Commission
Agreement

AND WHEREAS, the Municipalities have agreed to establish a Room Tax Commission with the powers and duties specifically outlined in a certain Cooperation Agreement entered into by and between the Municipalities, which agreement is attached hereto and incorporated herein by reference.

Fox Cities Room Tax Commission
Agreement

2. That the Fox Cities Area Room Tax Commission (the Commission) is hereby established for the purposes of supporting in the development of a tourism facility for the Fox Cities area, specifically, the project described in the attached Cooperation Agreement.

Fox Cities Room Tax Commission Agreement

3. That the Commission is established herein for the purposes as outlined in the Cooperation Agreement, and to do all things necessary to accomplish said purposes as provided for by statute. All funds collected by the Commission shall be applied to the bonds specified in the Cooperation Agreement as Appleton RDA Series 2000A Bonds.

Fox Cities Room Tax Commission Agreement

4. That the Commission, in accomplishing its undertakings pursuant to the Cooperation Agreement, shall have the following powers, rights and duties, as outlined by §66.75 of the Wisconsin Statutes:

- a. Monitoring the collection of room taxes from each municipality within the Zone which imposes a room tax. It is acknowledged that this commission shall have responsibility for only those room taxes being collected pursuant to the Cooperation Agreement and the names of the municipalities who are failing to make proper reports to the room tax commission. *(no d. in agreement)*
- b. Appointment by the commission chairman of additional members to the room tax commission;
- c. Reporting to the participating municipalities the name of any municipality failing to turn over room taxes being collected pursuant to the Cooperation Agreement and the names of the municipalities who are failing to make proper reports to the room tax commission. *(no d. in agreement)*
- e. Collecting from any delinquent municipality those room taxes that such municipality has failed to turn over to the room tax commission pursuant to the Cooperation Agreement.
- f. Report annually to all municipalities the purposes for which the room taxes were spent as collected from each municipality.
- g. Make available financial records and meeting minutes of the commission for inspection and copying upon request of any municipality.

Fox Cities Room Tax Commission Agreement

4. That the Commission, in accomplishing its undertakings pursuant to the Cooperation Agreement, shall have the following powers, rights and duties, as outlined by §66.75 of the Wisconsin Statutes:

- a. Monitoring the collection of room taxes from each municipality within the Zone which imposes a room tax. It is acknowledged that this commission shall have responsibility for only those room taxes being collected by the participating municipalities pursuant to the Cooperation Agreement for the Performing Arts Center constructed in the City of Appleton.

Fox Cities Room Tax Commission
Agreement

4. That the Commission, in accomplishing its undertakings pursuant to the Cooperation Agreement, shall have the following powers, rights and duties, as outlined by §66.75 of the Wisconsin Statutes:

b. Appointment by the commission chairman of additional members to the room tax commission;

Fox Cities Room Tax Commission
Agreement

4. That the Commission, in accomplishing its undertakings pursuant to the Cooperation Agreement, shall have the following powers, rights and duties, as outlined by §66.75 of the Wisconsin Statutes:

c. Reporting to the participating municipalities the name of any municipality failing to turn over room taxes being collected pursuant to the Cooperation Agreement and the names of the municipalities who are failing to make proper reports to the room tax commission. *(no d. in agreement)*

Fox Cities Room Tax Commission
Agreement

4. That the Commission, in accomplishing its undertakings pursuant to the Cooperation Agreement, shall have the following powers, rights and duties, as outlined by §66.75 of the Wisconsin Statutes:

e. Collecting from any delinquent municipality those room taxes that such municipality has failed to turn over to the room tax commission pursuant to the Cooperation Agreement.

Fox Cities Room Tax Commission
Agreement

4. That the Commission, in accomplishing its undertakings pursuant to the Cooperation Agreement, shall have the following powers, rights and duties, as outlined by §66.75 of the Wisconsin Statutes:

- f. Report annually to all municipalities the purposes for which the room taxes were spent as collected from each municipality.

Fox Cities Room Tax Commission
Agreement

4. That the Commission, in accomplishing its undertakings pursuant to the Cooperation Agreement, shall have the following powers, rights and duties, as outlined by §66.75 of the Wisconsin Statutes:

- g. Make available financial records and meeting minutes of the commission for inspection and copying upon request of any municipality.

Fox Cities Room Tax Commission
Agreement

11. That the Commission created herein, shall terminate and cease to exist upon payment in full on bonds and any additional bonds issued pursuant to the Cooperation Agreement and reimbursement to the bond guarantor for any debt service payments made and amounts due to the bond guarantor pursuant to the Cooperation Agreement.

sponsoring municipality on the date on which the sponsoring municipality agrees to stop imposing and collecting its room tax, as described under s. 229.44 (15). A district shall begin collecting the additional room tax imposed under this subdivision on the date on which the sponsoring municipality stops imposing and collecting its room tax. A room tax imposed by a district under this subdivision applies only within the borders of the sponsoring municipality and may be used for any lawful purpose of the district.

3. A district adopting a resolution to impose the taxes under subd. 1. or 2. shall deliver a certified copy of the resolution to the secretary of revenue at least 120 days before its effective date.

(f) 1. The department of revenue shall administer the tax that is imposed under par. (a) by a district and may take any action, conduct any proceeding and impose interest and penalties.

2. Sections 77.51 (12m), (14), (14g), (15a), and (15b), 77.52 (3), (13), (14), (18), and (19), 77.522, 77.58 (1) to (5), (6m), and (7), 77.585, 77.59, 77.60, 77.61 (2), (3m), (5), (8), (9), (12) to (15), and (19m), and 77.62, as they apply to the taxes under subch. III of ch. 77, apply to the tax described under subd. 1.

3. From the appropriation under s. 20.835 (4) (gg), the department of revenue shall distribute 97.45% of the taxes collected under this paragraph for each district to that district and shall indicate to the district the taxes reported by each taxpayer in that district, no later than the end of the month following the end of the calendar quarter in which the amounts were collected. The taxes distributed shall be increased or decreased to reflect subsequent refunds, audit adjustments and all other adjustments. Interest paid on refunds of the tax under this paragraph shall be paid from the appropriation under s. 20.835 (4) (gg) at the rate under s. 77.60 (1) (a). Any district that receives a report along with a payment under this subdivision or subd. 2. is subject to the duties of confidentiality to which the department of revenue is subject under s. 77.61 (5).

4. Hotels and motels and the department of revenue may not collect taxes under this paragraph for any district after the calendar quarter during which all bonds issued by the district under subch. II of ch. 229 during the first 60 months after April 26, 1994, and any bonds issued to fund or refund those bonds, are retired or for more than 2 years if bonds have not been issued during that time, except that the department may collect from hotels and motels taxes that accrued before that calendar quarter, or before the end of that 2-year period, and interest and penalties that relate to those taxes. If taxes are collected and no bonds are issued, the district may use the revenue for any lawful purpose.

5. Persons who are subject to the tax under this subsection, if that tax is administered by the department of revenue, shall register with the department. Any person who is required to register, including any person authorized to act on behalf of a person who is required to register, who fails to do so is guilty of a misdemeanor.

(2) As a means of enforcing the collection of any room tax imposed by a municipality or a district under sub. (1m), the municipality or district may exchange audit and other information with the department of revenue and may do any of the following:

(a) If a municipality or district has probable cause to believe that the correct amount of room tax has not been assessed or that the tax return is not correct, inspect and audit the financial records of any person subject to sub. (1m) pertaining to the furnishing of accommodations to determine whether the correct amount of room tax is assessed and whether any room tax return is correct.

(b) Enact a schedule of forfeitures, not to exceed 5% of the tax under sub. (1m) or par. (c), to be imposed on any person subject to sub. (1m) who fails to comply with a request to inspect and audit the person's financial records under par. (a).

(c) Determine the tax under sub. (1m) according to its best judgment if a person required to make a return fails, neglects or refuses to do so for the amount, in the manner and form and within the time prescribed by the municipality or district.

(d) Require each person who is subject to par. (c) to pay an amount of taxes that the municipality or district determines to be

due under par. (c) plus interest at the rate of 1% per month on the unpaid balance. No refund or modification of the payment determined may be granted until the person files a correct room tax return and permits the municipality or district to inspect and audit his or her financial records under par. (a).

(e) Enact a schedule of forfeitures, not to exceed 25% of the room tax due for the previous year under sub. (1m) or par. (c) or \$5,000, whichever is less, to be imposed for failure to pay the tax under sub. (1m).

(3) The municipality shall provide by ordinance and the district shall provide by resolution for the confidentiality of information obtained under sub. (2) but shall provide exceptions for persons using the information in the discharge of duties imposed by law or of the duties of their office or by order of a court. The municipality or district may provide for the publishing of statistics classified so as not to disclose the identity of particular returns. The municipality or district shall provide that persons violating ordinances or resolutions enacted under this subsection may be required to forfeit not less than \$100 nor more than \$500.

History: 1983 a. 189, 514; 1993 a. 263, 467, 491; 1999 a. 9; 1999 a. 150 ss. 565 to 567; Stats. 1999 s. 66.0615; 2003 a. 203; 2005 a. 135; 2007 a. 20; 2009 a. 2; 2011 a. 18, 32; 2013 a. 20.

A city was authorized to enact a room tax. The gross receipts method was a fair and reasonable way of calculating the tax. *Blue Top Motel, Inc. v. City of Stevens Point*, 107 Wis. 2d 392, 320 N.W.2d 172 (1982).

Under sub. (1m) (am), this section favors expenditures to construct or improve convention facilities. However, sub. (1m) (am), only addresses when a municipality may impose a room tax rate of greater than 8% and is irrelevant when the city has not exceeded that maximum. The only restrictions the rest of the statute places on the use of room tax monies are found in sub. (1m) (d), which directs a municipality to spend a certain percentage on "tourism promotion and development, which means the promotion and development of travel for recreational, business, or educational purposes." *English Manor Bed and Breakfast v. City of Sheboygan*, 2006 WI App 91, 292 Wis. 2d 762, 716 N.W.2d 531, 05-1358.

66.0617 Impact fees. (1) DEFINITIONS. In this section:

(a) "Capital costs" means the capital costs to construct, expand or improve public facilities, including the cost of land, and including legal, engineering and design costs to construct, expand or improve public facilities, except that not more than 10% of capital costs may consist of legal, engineering and design costs unless the municipality can demonstrate that its legal, engineering and design costs which relate directly to the public improvement for which the impact fees were imposed exceed 10% of capital costs. "Capital costs" does not include other noncapital costs to construct, expand or improve public facilities, vehicles; or the costs of equipment to construct, expand or improve public facilities.

(b) "Developer" means a person that constructs or creates a land development.

(c) "Impact fees" means cash contributions, contributions of land or interests in land or any other items of value that are imposed on a developer by a municipality under this section.

(d) "Land development" means the construction or modification of improvements to real property that creates additional residential dwelling units within a municipality or that results in non-residential uses that create a need for new, expanded or improved public facilities within a municipality.

(e) "Municipality" means a city, village, or town.

(f) "Public facilities" means all of the following:

1. Highways as defined in s. 340.01 (22), and other transportation facilities, traffic control devices, facilities for collecting and treating sewage, facilities for collecting and treating storm and surface waters, facilities for pumping, storing, and distributing water, parks, playgrounds, and land for athletic fields, solid waste and recycling facilities, fire protection facilities, law enforcement facilities, emergency medical facilities and libraries. "Public facilities" does not include facilities owned by a school district.

2. Notwithstanding subd. 1., with regard to impact fees that were first imposed before June 14, 2006, "public facilities" includes other recreational facilities that were substantially completed by June 14, 2006. This subdivision does not apply on or after January 1, 2018.

10. If the exhibition center is anticipated to generate an annual profit, and the City or ARA own the exhibition center, how does the potential for a \$100,000 annual payment in lieu of taxes impact the financing of the exhibition center and collection of room tax? Will the City be reimbursed for its investment from any profits?

The \$100,000 suggested as a payment in lieu of taxes to support City services was only a discussion point and needs to be vetted by further financial analysis and agreed to with the Management Agreement.

It is not anticipated the City will be reimbursed for any investment in this project through any profits of this project.

Operations of an Exhibition Center

1. If the exhibition center makes a profit, who would get it?

Details would be in the MA.

2. Who will be responsible for insuring the exhibition center, including builder's-risk, property and general-liability insurance?

Contracts specify who carries the builders risk and other insurance while the building is under construction. Usually, the general contractor carries the builders risk insurance, but sometimes the City carries the builders risk policy to save costs and have better control over the insurance for the project.

Property insurance is normally carried by the owner of the property; however, the contract specifies who carries the property insurance while the building is under construction.

Usually the general contractor carries a general liability policy that covers the project and names the City and Engineer as additional insureds. Again, the contract should specify who carries the general liability for the project, but all contractors and the City carry their own general liability insurance as each are responsible for their own actions.

3. Who hires and manages the staff for the exhibition center?

The management/RPV would be responsible for day-to-day operations and details would be in MA. ARA would be responsible to contract with an operations/management company.

4. Who is responsible for marketing the exhibition center to ensure its success?

Details would be in the MA. CVB and RPV would work cooperatively to market EC.

5. The Fox Cities Exhibition Center Inc. repeatedly stated they are anticipating an operating deficit of about \$250,000 that would have to be assumed by the hotel. Recently, comments have been made about the hotel generating a profit after expenses to operate the exhibition center. Why the difference?

A stand-alone exhibition center will not generate a profit. In this case, the expense will be offset by additional room nights at the RPV. Profit comes in by an increase in room nights by the hotel. Details of how that additional revenue is applied and dispersed will be delineated in the MA.

6. The current owner of the hotel is LNR. Who are they and what is their goal?

LNR Property, the parent of LNR Partners, (owners of the RPV) works to find the best real estate opportunities. It is Starwood Property Trust-owned (Starwood, one of the world's largest hotel operators (Westin, Sheraton, etc.)), and is a large, diversified real estate investment, finance, management, and development company. It invests in, finances, and manages real estate and related assets, including income-producing properties, commercial mortgage-backed securities (CMBS), high-yield mortgage loans, and mezzanine financing. It offers investors access to hospitality investments through an aggregation of properties managed by well-respected operating copies such as Hostmark which operates the RPV. LNR provided a 5-year bond funding for the prior RPV owner and after the financial collapse in 2008, the prior owner was unable to refinance at then available terms. At the Sheriff's sale, LNR assumed ownership. As the hotel value recovers, LNR's investors hope to recover losses and recognize future value of the RPV through either continued holding or a sale at an attractive market price.

7. What assurances or protections does the City, ARA or others have in entering into a management agreement for operations with an owner that may not be around for the long-term? Can the agreement be made transferable to a new owner under the previously negotiated terms? What kind of impact/input does the lease/management agreement have on the operations and condition of the hotel? There is community concern about ensuring a level of investment that will keep the facility a high quality hotel property.

The Management Agreement (MA) would be a detailed document addressing the many items previously listed in question #1 under City of Appleton's Role. Yes, the MA can be made transferable and unchanged to any new owner. The operations and conditions of the hotel will be addressed in the MA. The MA is the vehicle to address expectations and concerns. Council will have the opportunity for review and approval of the MA.

Design & Construction of an Exhibition Center

1. Who will design the exhibition center? Who will build the exhibition center? Who will be responsible for overseeing the design and construction process to ensure we are getting a state of the art facility for the Fox Cities?

Design – A Request for Proposal will be sent to qualified architectural firms. The proposals will be evaluated based on a firm’s experience, qualifications of their project team, references and fees. The most qualified firm will be recommended to hire.

Construction – Once the construction documents are prepared by the architectural firm noted above, the project will be publicly bid. The lowest qualified bidder will be awarded the contract to build the exhibition center.

Responsibility – The Director of Parks, Recreation and Facilities Management will serve as the Project Manager/Owners Representative throughout the entire process. In conjunction, a third party Construction Manager will be hired to assist in pre-construction and construction activities. It is necessary to hire this position as the Director of Parks, Recreation and Facilities Management also has to continue to lead the various divisions under his responsibility as well as several other Capital Improvement Projects.

In order to build a state of the art facility, the City will work with the architect who will provide us with ideas and suggestions based on other similar facilities.

2. Who will handle the money for the construction of the exhibition center to pay the contractors?

The City of Appleton Finance Department in collaboration with the Facilities Management Director and other appropriate departments. The bond proceeds and construction expenditures will be accounted for in a separate business unit established for the project. All project related expenditures will be reviewed and approved by the Facilities Management Director before payments are made.

3. What if there are cost overruns during the construction of the exhibition center building? Who will pay to complete the project?

All construction costs associated with the project will be funded by revenue bonds supported by hotel/motel room tax.

Impact on the Downtown & the Fox Cities

1. Is there data to support how other Fox Cities communities benefit from paying the increased room tax for a project in downtown Appleton?

Maria Van Laanen responded as follows:

- First benefit is the economic impact – based on studies both by Americans for the Arts and the Broadway League, we know the amount of economic activity is significant - \$31 million last season alone. Although the study does not break up how much activity is generated in each of the room tax communities, we do know that we have cast members who stay in many hotels throughout the community as do our visitors who travel 60 miles or more to see a show at the Center (10% of our audience on average). You add to this the many vendors we work with both for our facility and through the many touring production groups and events throughout the community and the economic impact is

clearly significant throughout the Fox Cities. Then, of course, there is the shopping and dining that definitely takes our visitors outside of Appleton. We have done several packages with the CVB throughout the years that include hotel, dining, shopping and show packages, and they have always been received with much success.

- Add to that the educational impact – every school district in the hotel room tax base attends our daytime education programs on a regular basis.

- Then there is the ability to attract businesses to our area. The Chamber's Economic Outlook Breakfast revealed that the ratings for local economic vitality are much greater than the national indicators. The top box rating for the Fox Cities as a place to do business is still very high at nearly 65%, and the top box rating for the Fox Cities as a place to live is nearly 90%. Indicators show businesses believe our community will continue to grow. However, one concerning indicator is the availability of qualified workers.

- In order to recruit talent, the Fox Cities must be a place people WANT to move to in order to work and play. There needs to be a buzz about the Fox Cities. An exciting and vibrant downtown is essential to the overall health of the Fox Cities. People aren't going to move here if nothing is happening in hopes that someday it will. They want to hear about growth and expansion now. That's a place people want to join.

2. What will happen to downtown Appleton if the exhibition center is built?

If the center is built, we will likely see a similar impact on the property values as we saw in relationship to the development of the PAC and College Avenue reconstruction.

Using the valuations provided by the City of Appleton Assessor's Office to calculate the Business Improvement District assessments, the values peaked following the new investment in the district in 2009 with the taxable BID properties total land value reaching \$138,232,300.

While many of the property owners made sizeable investments in improvements or new development like the CopperLeaf Hotel and Anduzzi's Sports Bar and Grill, we know many opportunities for new investment still exist. Our current vacancy rate of 20% availability out of the 431 total units also indicates opportunity to attract new businesses that will see the exhibition center as an attractive draw for adding foot traffic to the district.

Attendees to conferences often have time between sessions or unscheduled evenings available to explore within walking distance of the convention location. Some attendees bring their spouse or families for a mini getaway as well. Our downtown offers amenities that will encourage this activity and yield new spending in the district.

The impact doesn't happen overnight, but as buildings change hands, new business owners look to open or relocate in the district, property owners will invest in their properties. As the Fox Cities ability to attract new convention business increases, growth in direct spending will occur. The Downtown businesses will experience more sustainability and, therefore, our ability to retain and attract businesses will ultimately improve thus reducing our vacancy rate.

Successful downtowns feature multiple traffic generators within walking distance. The Exhibition Center will leverage an existing asset in the Radisson Paper Valley Hotel and allow surrounding businesses to benefit from the traffic it will generate.

The more valuable the downtown properties are, the more tax revenue generated to the city to fund services and other improvements for the community.

3. What will happen to downtown Appleton if the exhibition center is not built?

The property value peak in 2009 has experienced a decline with the most recent reassessment of the district. Current total value of the taxable BID properties has declined by almost 12% from the 2009 values. Without the influx of new development, we will continue to move backwards.

The Downtown will not fail, but it will also not stay the same. If the City no longer makes investments in the district, the property values will continue to decline. Our ability to retain current businesses and attract new businesses will be in jeopardy.

ADI has talked with retail and hospitality business owners interested in opening a second location in Downtown Appleton. The first thing they ask me about is will the exhibition center be built? The second is when they will make parking easier.

In the U.S. Place Equity Index 2015, which is a measure to quantify and benchmark the relative quality of place, reputation and competitive identity of one city to another, when measuring a city's infrastructure and overall product ranking, the following factors are rated: university ranking, airport service, size of convention center, number of attractions, number of museums and arts institutions, and number of major league sports teams. The report indicates the top 125: Appleton is not on the list. Green Bay is number 100, Madison is number 50, Milwaukee is number 47.

As a City, we should be looking at opportunities to enhance our product assets. This opportunity provides the ultimate public-private partnership to elevate an asset that will increase our overall attractiveness as a place to visit, do business and a possible place to locate a business.

4. What type of impact on jobs, tax base or other economic indicators are expected downtown and across the Fox Cities with the construction of an exhibition center?

\$6.5 million generated in new economic development - direct, indirect and induced.

5. What makes downtown Appleton a preferred location for a convention center as compared to other Wisconsin options, such as Green Bay, Oshkosh, and Wisconsin Dells?

Downtown Appleton is much more appealing for its variety of restaurants and entertainment venues within walking distance of the hotel. They offer attendees options at a variety of price points all within a very compact area. We always hear "I felt safe" and "it's so clean" as well.

Green Bay doesn't have this critical mass in a compact area and in the Dells, you are pretty much

stuck in the box. There is nothing within walking distance of the Kahalari and their aim is to keep you inside their facility which has significantly higher food and beverage costs. Think "resort pricing."

It's important to put Oshkosh in perspective. The hotel has 176 sleeping rooms and very limited meeting space in the hotel. The convention center has 18,000 square feet of space. The Paper Valley on its own is basically larger than the combo of hotel/convention center in Oshkosh and so we don't see this as a true member of the competitive set should we build the expo center. Again, they don't offer the critical mass of dining options in a walkable distance.

6. Since the room tax will also be funding the sports facility that is planned by other entities, why is the synergy between these projects not part of this discussion?

The two projects are not joined and there is not much synergy between the two projects. If there is any synergy that exists, it is between the shared processes for the hotel room tax.

The CVB currently has a recommendation from an initial assessment for a number of investments in our sports tourism facilities. No decisions have been made on whether or how they will act on these recommendations.

7. How will the Exhibition Center impact the quality of life of those living in the condos on the other side of Jones Park?

Jennifer Stephany reached out to three of the residents in Lawrence Court and received very positive feedback about their anticipation for the Center.

Any concerns they have are relative to:

Increased traffic (which the traffic study can help address)

Parking in their development – which is currently signed throughout

Noise – The Center will be hosting mostly indoor events. Several residents commented on how they like the concerts in Jones Park and how the positive activity makes it a safer place to be. Aesthetics of the building are also a concern; they want to be sure the building is attractive to look at.

Here are direct comments from three of the residents:

I think the Expo Center will have a positive impact on the quality of life for Lawrence Court as well as those living in adjoining neighborhoods. Why? Because the development will: bring more people to downtown as visitors/guests who will spend money in our shops, museums and restaurants/bars; create additional jobs for the local population; contribute additional tax dollars to the city/region through visitor spending and job creation; provide new venue space for concerts/performances that fit well with the evolving trend of increased live music and other performing arts; and add more dynamism to the district (more people equals more activity, energy and prosperity).

The project will likely bring more traffic (vehicular and pedestrian) and, at times, increased noise or commotion, but it will be no different than any other downtown or city, and frankly, if you can't accept that or live within that type of environment, then downtown living isn't for you.

Related to Steve's comments on how it might look aesthetically, if it does not look architecturally appealing from the exterior, it could have a negative aspect on the quality of life for some (based on their own personal tastes and preferences) if they perceive they have to live near and see an "ugly" building every day.

Overall, it is important and necessary. Projects like the Expo Center and new library are the anchors that will drive economic growth that will make the downtown more attractive for additional retail/business and also residential (condos and apartments). It's self-fulfilling: more people who live and work in downtown will use/spend money in the downtown shops and restaurants.

I believe it would be positive. It's what downtown living is all about.

Chris Dehring: chair of the neighborhood association: I'm very much looking forward to it coming! I think it will be a very positive development. I certainly haven't heard any negative comments coming from here.

8. How would the success of the exhibition center potentially lead to houses being purchased and then demolished by the City in order to accommodate parking?

Based on the Downtown Parking Study conducted by Walker, the demand of a successful exhibition center can be met in the Red Ramp.

9. How would the Exhibition Center impact the ability of the Police Department to expand if necessary?

"The expo center won't impact the Police Department at all. Our building is new and was built with areas to expand already. We are established for the next couple decades and if we do need to expand, it would be more logical and cheaper to expand to the south, not the east." Per Todd Thomas and confirmed with Dean Gazza.

10. Have the traffic patterns from the highway into the City been considered? Can the West College Avenue corridor and connecting City streets handle the increased truck traffic related to exhibition center business? What will be the impact on neighborhoods along these streets?

Yes, traffic patterns were considered as part of the site selection process. The W. College Avenue corridor is very capable of handling any traffic the proposed Exhibition Center will generate. W. College Avenue, S. Memorial Drive and W. Lawrence Street are all designated truck routes that will be used to serve the site.