



City of Appleton

100 North Appleton Street
Appleton, WI 54911-4799
www.appleton.org

Meeting Agenda - Final-revised Finance Committee

Monday, January 15, 2018

4:30 PM

Council Chambers, 6th Floor

SPECIAL

1. Call meeting to order
2. Roll call of membership
4. **Public Hearings/Appearances**

5. **Action Items**

[18-0077](#)

Resolution #23-R-17

Resolution Regarding Financing Option for the Fox Cities Exhibition Center

Submitted by: Alderperson Plank - District 7 & Alderperson Baranowski - District 5

Referred to: Mayor's Office

Be It Resolved:

Upon receipt of work preformed by R.W. Baird with respect to financing of the Fox Cities Exhibition Center, a report of their findings be presented to the Finance Committee and/or the full Common Council in a timely manner. The presentation will be conducted by a representative employed by R.W. Baird. The City Attorney and Finance Director of the City of Appleton will be present for consultation.

The Finance Committee and/or Common Council will then determine and authorize the financing mechanism to be used to fund the Fox Cities Exhibition Center.

[18-0078](#) Approve the financing method for the Fox Cities Exhibition Center

Attachments: [Baird FCEC Presentation 1-8-18.pdf](#)
[Room Tax Collections.pdf](#)
[FCEC Financing Comparison Memo 011518.pdf](#)
[FRED Graph.pdf](#)
[Private Placement Bonds.pdf](#)
[Term Sheet 10.26.17.pdf](#)

[18-0079](#) Resolution #24-R-17

Resolution Regarding Pledge & Security Agreement with Respect to
Financing of the Fox Cities Exhibition Center
Submitted by: Alderperson Plank - District 7 & Alderperson Baranowski -
District 5

Referred to: Attorney's Office

Be It Resolved:

The Finance Committee and/or Common Council, with consultation from
the Office of the City Attorney of Appleton, review the Pledge and Security
Agreement document authorizing financing of the Fox Cities Exhibition
Center.

Upon this review, the Common Council will approve the document in final
form prior to its execution.

6. Information Items

None

7. Adjournment

*Notice is hereby given that a quorum of the Common Council may be present during this
meeting, although no Council action will be taken.*

*Reasonable Accommodations for Persons with Disabilities will be made upon Request
and if Feasible.*

For questions on this agenda, please contact Tony Saucerman at (920) 832-6440.

Redevelopment Authority Of The City of Appleton
Hotel/Motel Fixed Rate Revenue Bonds
Financing Term / Assumptions Sheet [Draft]
As of January 8, 2018

BAIRD

Bond Structure & Assumptions:

Issuer:	Appleton Redevelopment Authority ("ARA")
Description:	Hotel/Motel Room Tax Revenue Bonds
Lessor:	ARA
Lessee:	City of Appleton
Obligor:	City of Appleton
Underwriter:	Baird
Bond Counsel:	Foley & Lardner
Issuer Counsel:	City Attorney
Underwriter Counsel:	TBD
Trustee:	Associated
Rating Agency:	Moody's Investor Services, Inc.
Amount of Bonds:	\$34,435,000 (\$31,900,000 deposit to Project Fund)
Costs of Issuance:	Paid from bond proceeds
Dated Date:	March 1, 2018
Final Stated Maturity:	March 1, 2050
Final Expected Maturity:	March 1, 2036 (Based on 4.0% annual room tax growth)
Est. Interest Rate (AIC):	4.07% - <u>Fixed Rate</u>
Interest Payments:	Semi-annually, commencing September 1, 2018
Principal Payments:	Annually on March 1, commencing March 1, 2019
Prepayment Option:	TBD
Mandatory Redemption:	The Bonds are subject to mandatory Redemption, semiannually on any interest payment date, from amounts no less than \$100,000 as of 35 days prior to such interest payment date, <u>without penalty</u> and <u>without premium</u> , in inverse order of maturity.

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Redevelopment Authority Of The City of Appleton
Fixed Rate Revenue Bonds
Financing Term / Assumptions Sheet [Draft]
As of January 8, 2018

BAIRD

Flow of Funds:	Room Taxes are recorded by the Trustee on a quarterly basis on 2/15, 5/15, 8/15, and 11/15. The Trustee will test the bond fund balance to ensure funds are available for the next principal and interest or interest only amount which is due. The Mandatory Redemption amount of bonds will be determined on this basis.
Tax Status:	Federally Taxable; State Tax Exempt
Rating:	"Aa3" (anticipated)
Security:	Pledge of a portion of the Hotel/Motel Room taxes. Quiet Enjoyment Lease between ARA and the City of Appleton
Debt Service Coverage:	1.25x
Debt Service Reserve Fund: ("DSRF")	The DSRF is funded (upon closing) at the lesser of: 10% of par; 100% of maximum annual debt service; or 125% average annual debt service.

FOX CITIES EXHIBITION CENTER

Hypothetical Payoff with Mandatory Annual Redemption

REDEMPTION SUMMARY

Calendar Year	Room Tax Collections*	Original Debt Service Total	Original Annual Coverage	Principal	Projected Debt Service** DSRF & Stabilization Fund Applied	Total	Excess Tax	Redemption Amount	Cumulative Balance	Bond Balance
							Coverage 100%			
2018	\$1,803,265	\$659,389	273.78%	\$0	\$659,389	\$659,389	\$1,145,876	\$1,550,000	\$1,145,876	\$34,435,000
2019	\$1,877,475	\$1,472,189	127.53%	\$155,000	\$1,317,189	\$1,472,189	\$405,286	\$515,000	\$1,162	\$32,730,000
2020	\$1,952,574	\$1,498,565	130.30%	\$185,000	\$1,250,790	\$1,435,790	\$516,784	\$585,000	\$2,947	\$32,030,000
2021	\$2,030,677	\$1,528,945	132.82%	\$220,000	\$1,225,313	\$1,445,313	\$585,365	\$655,000	\$3,311	\$31,225,000
2022	\$2,111,904	\$1,568,110	135.11%	\$260,000	\$1,195,795	\$1,455,785	\$656,119	\$740,000	\$4,431	\$30,310,000
2023	\$2,196,380	\$1,590,878	138.06%	\$295,000	\$1,162,025	\$1,457,025	\$739,355	\$825,000	\$3,786	\$29,275,000
2024	\$2,284,236	\$1,622,121	140.82%	\$335,000	\$1,123,299	\$1,458,299	\$825,937	\$920,000	\$4,723	\$28,115,000
2025	\$2,375,605	\$1,656,648	143.40%	\$380,000	\$1,079,413	\$1,459,413	\$916,193	\$1,015,000	\$916	\$26,815,000
2026	\$2,470,629	\$1,689,254	146.26%	\$425,000	\$1,029,759	\$1,454,759	\$1,015,871	\$1,120,000	\$1,786	\$25,375,000
2027	\$2,569,454	\$1,724,841	148.97%	\$475,000	\$974,239	\$1,449,239	\$1,120,216	\$1,235,000	\$2,002	\$23,780,000
2028	\$2,672,233	\$1,758,329	151.98%	\$525,000	\$912,366	\$1,437,366	\$1,234,866	\$1,355,000	\$1,868	\$22,020,000
2029	\$2,779,122	\$1,794,530	154.87%	\$580,000	\$843,550	\$1,423,550	\$1,355,572	\$1,490,000	\$2,440	\$20,085,000
2030	\$2,890,287	\$1,828,413	158.08%	\$635,000	\$767,555	\$1,402,555	\$1,487,732	\$1,625,000	\$172	\$17,960,000
2031	\$3,005,898	\$1,864,964	161.18%	\$695,000	\$683,761	\$1,378,761	\$1,627,137	\$1,775,000	\$2,309	\$15,640,000
2032	\$3,126,134	\$1,903,948	164.19%	\$760,000	\$591,933	\$1,351,933	\$1,774,202	\$1,935,000	\$1,511	\$13,105,000
2033	\$3,251,180	\$1,940,211	167.57%	\$825,000	\$491,309	\$1,316,309	\$1,934,871	\$2,105,000	\$1,382	\$10,345,000
2034	\$3,381,227	\$1,978,598	170.89%	\$895,000	\$382,093	\$1,277,093	\$2,104,134	\$2,280,000	\$516	\$7,345,000
2035	\$3,516,476	\$2,018,853	174.18%	\$970,000	\$264,200	\$1,234,200	\$2,282,276	\$0	\$2,792	\$4,095,000
2036	\$3,657,135	\$2,060,715	177.47%	\$4,095,000	\$136,618	\$801,622	\$2,855,513	\$0	\$2,858,305	\$0
2037	\$3,803,420	\$2,099,295	181.18%					\$0	\$2,858,305	\$0
2038	\$3,955,557	\$2,144,340	184.47%					\$0	\$2,858,305	\$0
2039	\$4,113,779	\$2,185,638	188.22%					\$0	\$2,858,305	\$0
2040	\$4,278,331	\$2,232,573	191.63%					\$0	\$2,858,305	\$0
2041	\$4,449,464	\$2,274,903	195.59%					\$0	\$2,858,305	\$0
2042	\$4,627,442	\$2,318,184	199.61%					\$0	\$2,858,305	\$0
2043	\$4,812,540	\$2,366,255	203.38%					\$0	\$2,858,305	\$0
2044	\$5,005,042	\$2,413,760	207.35%					\$0	\$2,858,305	\$0
2045	\$5,205,243	\$2,461,304	211.48%					\$0	\$2,858,305	\$0
2046	\$5,413,453	\$2,513,583	215.37%					\$0	\$2,858,305	\$0
2047	\$5,629,991	\$2,560,394	219.89%					\$0	\$2,858,305	\$0
2048	\$5,855,191	\$2,611,535	224.20%					\$0	\$2,858,305	\$0
2049	\$6,089,398	\$2,666,601	228.36%					\$0	\$2,858,305	\$0
2050	\$6,332,974	\$1,765,033	358.80%					\$0	\$2,858,305	\$0
		\$64,767,893		\$12,710,000	\$16,090,583	\$25,370,587		\$21,725,000		

*Based on actual 2016 tax collection amount.

** Projected debt service after annual redemptions.

DSRF:	\$2,529,996
Stabilization Fund (cash on hand):	\$900,000
Total	\$3,429,996

Original Total Debt Service:	\$64,767,893
Total Debt Service After Prepayment:	\$47,095,587
Difference	(\$17,672,306)

Fox Cities Exhibition Center Hotel/Motel Room Tax Revenue Bonds Hypothetical Financing Plan⁽¹⁾

BAIRD

TAXABLE	
Issuer	Appleton RDA
Assumed Rating	Moody's Aa3
Federal Tax	Taxable
State Tax	Tax- Exempt
Debt Service Coverage ⁽²⁾	1.25x
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Estimated Project Amount ⁽³⁾	\$31,900,000
Total Estimated Bond Size	\$34,435,000
<hr/>	
Estimated Average Annual Debt Service	\$2,023,997
Estimated Maximum Annual Debt Service	\$2,666,601
Estimated Total Debt Service ⁽⁴⁾	\$61,337,897
Potential All In True Interest Cost %	4.07%
Assumed Dated Date	3/1/2018
Final Maturity	2050
<hr/>	
Hypothetical Mandatory Redemption⁽⁵⁾	
2% Revenue Growth - Final Maturity	2040
2% Revenue Growth - Est. Total Debt Service	\$50,364,727
3% Revenue Growth - Final Maturity	2037
3% Revenue Growth - Est. Total Debt Service	\$48,410,579
4% Revenue Growth - Final Maturity	2036
4% Revenue Growth - Est. Total Debt Service	\$47,095,587

1- Hypothetical interest rates as of December 6, 2017 with 10 year par call and mandatory redemption.

2- Annual coverage assumes 2016 revenue of \$1,735,164 with 2% annual growth.

3- Project amount includes \$750,000 cash applied at closing.

4- Assumes DSRF of \$2,529,995 and Stabilization Fund of \$900,000 are applied to final debt service.

5- Assumes all available revenues are used for prepayment semi-annually; DSRF and Stabilization Fund of \$900,000 are applied to final debt service.

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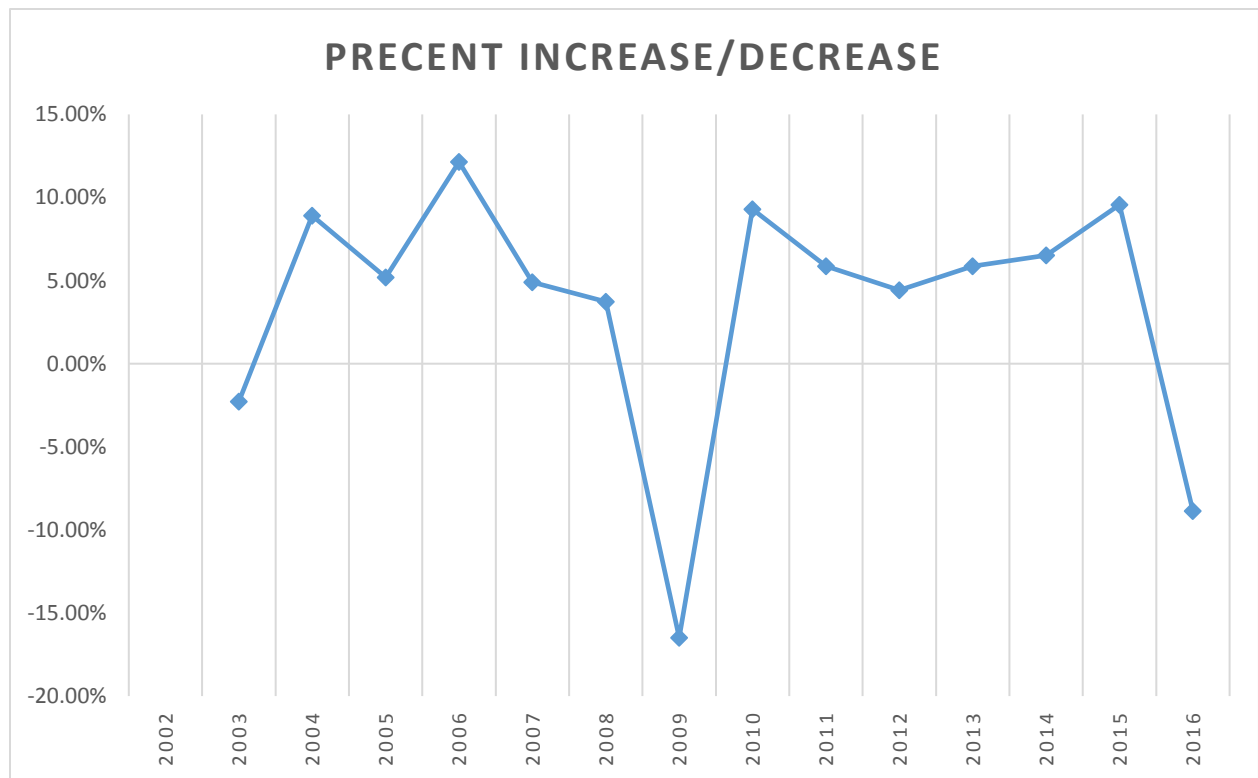
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Year	Amount Collected (marked up to 3%)	Percent Increase/Decrease
2002	\$1,117,835.87	
2003	\$1,092,488.15	-2.27%
2004	\$1,189,689.27	8.90%
2005	\$1,251,546.80	5.20%
2006	\$1,403,441.01	12.14%
2007	\$1,472,330.36	4.91%
2008	\$1,527,238.11	3.73%
2009	\$1,275,620.69	-16.48%
2010	\$1,394,189.63	9.29%
2011	\$1,475,862.62	5.86%
2012	\$1,541,078.70	4.42%
2013	\$1,631,467.58	5.87%
2014	\$1,737,801.60	6.52%
2015	\$1,903,960.79	9.56%
2016	\$1,735,164.85	-8.87%






"...meeting community needs...enhancing quality of life."

OFFICE OF THE MAYOR

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TO: Members of the Common Council & Appleton Redevelopment Authority

FROM: Mayor Timothy Hanna 

DATE: January 15, 2018

SUBJECT: FCEC Financing Comparison

There has been much discussion lately about the permanent financing for the Fox Cities Exhibition Center project. I will attempt to provide you with context and clarification regarding these discussions as well as pertinent points to consider as you make a decision as to the best path forward.

It is important that we begin with the goal. The goal in choosing the best method for financing the FCEC is to pick the method that gives us the best opportunity to pay down the debt using the available room taxes as quickly as possible while minimizing the risk to the participating municipalities.

The essence of this goal is embodied in the Exhibition Center Cooperation Agreement adopted by the ten participating municipalities in 2015. Here is the relevant section of the agreement:

Section 2.05 Nature of Financing Transaction

The ARA will be responsible for acting as conduit issuer of the Bonds and payment of all debt service on the Bonds shall be made solely from the proceeds of the Room Tax Rate. The ARA's budget will not be collateral for the Bonds. Pursuant to the Pledge and Security Agreement, the Pledged Room Tax revenues will be pledged to the Trustee for purposes of paying debt service on the Bonds.

The Bonds will be limited obligations of the ARA and shall not constitute a debt or obligation of the ARA or the Municipalities and shall not be a charge against the general credit or taxing powers of the ARA or the Municipalities except for and limited to the Pledged Room Tax revenues pursuant to the Pledge and Security Agreement.

At the time the Cooperation Agreement was adopted (2015), it was anticipated the cost to construct the EC would be in the range of \$24 to \$27 million. The decision to accept the alternative design of the Center in 2016 pushed the construction costs to \$31 million which subsequently had an effect on the

ability to secure traditional bonds based solely on projected room tax revenues as required by Section 2.05 of the cooperation agreement. Information provided by Speer Financial, the financial advisor used on this project, indicated that historic and projected 3% room tax would leverage \$26 to \$28 million in the traditional bond market. With this information, alternative financing was pursued to be able to meet the terms of the Cooperation Agreement.

In late November, 2017, I was approached by two of our partner municipalities and asked to again look at the possibility of a fixed rate revenue bond. It was their belief that a fixed rate bond issue could be accomplished according to their conversations with bond advisors. I took them at their word and agreed to investigate a fixed rate bond. In early December Finance Director Saucerman and I met with representatives of Baird Financial to discuss the possibility of issuing revenue bonds for the FCEC. At that meeting, they provided a summary of hypothetical financing plans, one tax-exempt and one taxable. Under these scenarios the tax-exempt plan would net \$31,111,583 for the project and the taxable plan would net \$28,390,409 for the project. It was agreed at this meeting that a preliminary opinion from bond counsel as to the taxability of the issue would be in order.

In late December Attorney Walsh, Director Saucerman and I had a conference call with Foley & Lardner regarding the taxability of a bond issue. During that conversation Foley & Lardner indicated that based on the agreement for the management of the FCEC, they could not give an unqualified opinion that the issue would be tax-exempt. Therefore, it was determined that future discussions regarding revenue bonds should be based on them being taxable. In the meantime, due to more favorable conditions in the bond market, Baird revised their hypothetical financing plans and indicated that a fixed rate taxable bond issue could net the amount required for the project. That plan is the one presented to the Finance Committee on January 8.

I have provided this background in an attempt to clarify how we have arrived at this point with two options for permanent financing for you to consider.

Comparison of Financing Models

Issuer: Both options have the ARA as the issuer of the bonds in accordance with the Cooperation Agreement.

Trustee: The private placement model anticipates using BMO Harris Bank, N.A. as the administrative agent. The fixed rate option anticipates using Associated Bank as the trustee of the funds. This is the same trustee that has been used for the PAC bonds.

Amount of Bonds: The private placement model anticipates the amount of the bonds to be \$31,000,000. This option assumes that room tax funds collected to date that haven't been applied to construction costs would be used to fund closing costs and required Debt Service Reserve amounts. The fixed rate option presented by Baird shows closing costs, including Debt Service Reserve, being funded through the bonds. The fixed rate option would require a separate bond stabilization fund of \$900,000 to be funded through available resources. Under the fixed rate option excess funds could be applied before closing reducing the total amount of the bonds. In that case Baird would need to revise their amortization schedule based on a lessor amount.

Interest Rate: The private placement option has an initial interest rate determined by the 5-year treasury rate plus 220 basis points (2.2%). As of January 12, that rate would be 4.53%. The initial rate

would be determined on the day of closing. Once the rate is determined, the rate is locked in for 5 years and would be adjusted every 5 years thereafter according to the current 5 year treasury rate. The hypothetical fixed rate option presented by Baird is 4.07%. This projection is presented as of December 6, 2017 per the disclosure. The fixed rate is based on a number of factors which I will touch on later. The final fixed rate will be determined when the bonds are sold.

Maturity: The fixed rate option and debt service schedule is based on a 32 year amortization. The private funding option does not have an amortization schedule. This option matures in 25 years. The only debt service requirement is the interest accrued since the last payment date. The *expected* maturity under either option is subject to the *actual* collection of room taxes. Both options have presented expected maturity dates around 20 years based on projected increases in room tax collections.

Interest Payments: The private placement option requires interest payments each quarter after room taxes have been collected. The fixed rate option requires semi-annual interest payments.

Principal Payments: Fixed rate bonds will require annual principal payments according to the bond schedule. Additional principal payments may be made semi-annually on any interest due date in amounts of no less than \$100,000 without penalty or premium. Additional principal payments would be applied to the oldest bonds outstanding in reverse order. Principal payments on the private placement bonds may be made on any interest due date in any amount. Room taxes collected in excess of the interest due would be applied to principal without penalty.

Prepayment Option: The private placement bonds may be prepaid at any time without penalty. The prepayment option on the fixed rate bonds is yet to be determined.

Debt Service Coverage: The private placement bonds have no debt service coverage requirement because they are interest only bonds. The fixed rate bonds are projected to have a debt service coverage ratio of 1.25X. This simply means the amortization schedule of required payments is based on revenue projections that are 1.25X the annual debt service payments. The redemption of the bonds is based on the actual amount of room tax collected.

Debt Service Reserve Fund and Stabilization Fund: Both options require a debt service reserve fund. Baird estimates the debt service reserve fund requirement for the fixed rate bonds to be \$2,529,995.80. This is based on the total of their projected Bond Proceeds (\$34,435,000). As stated earlier, the actual bond proceed amount could be less using available resources at closing. A smaller bond proceed amount would require a smaller debt service reserve fund. The fixed rate option also requires a stabilization fund of \$900,000. The private placement bonds require a minimum debt service reserve fund of \$1,500,000. The initial balance of this reserve fund is to be \$3.4 million. The deposit into this fund would be based on available resources at closing.

Security: Security for the debt under the private placement bonds is a pledge of that portion of the room taxes collected to support the debt service under the Cooperation Agreement (3%). There is no other security for this debt. This is in keeping with Section 2.05 of the cooperation agreement. Security for the fixed rate bonds is also a pledge of the same room taxes (3%). There is additional security in the form of a "Quiet Enjoyment Lease" between ARA and the City of Appleton. This means that because the ARA is the issuer of the debt it needs to "own" the building and provide a lease to the City of Appleton for its use until the debt is paid in full. Under the fixed rate option, this is what makes the ARA the "lessor", the City of Appleton the "lessee", and the City of Appleton the "obligor". This is important to understand. This arrangement needs to be in place so that the bonds can be "rated" with the City of

Appleton as the underlying obligor. This will allow Moody's to assign a rating based on the City's excellent credit history. It also places the City of Appleton at risk should room taxes fall to the point where the stabilization fund and the debt service reserve fund are depleted in order to make the required debt service payments. Putting the City at risk in any way is not consistent with section 2.05 of the cooperation agreement.

How does the DSRF work under each scenario? In the case of the fixed rate bonds, should room tax collections fall short of the required debt service payment, funds from the stabilization fund would be used. If succeeding collections are more than required to meet the debt service payment, the excess would first be used to replenish the stabilization fund and then be used for an additional principal payment according to the terms of the bonds. If succeeding collections continue to fall short of required debt service payments, first the stabilizations fund would be used followed by the debt service reserve fund. If both the stabilization fund and debt service fund are depleted the City of Appleton as the obligor would be required to make the debt service payments.

In the case of the private placement bonds, the City has already agreed to guarantee that the debt service reserve fund would not fall below \$1,500,000. However, any advance made to the debt service reserve fund would be refunded to the City, with interest, from future room tax collections. This arrangement is in keeping with Section 2.05 of the Cooperation Agreement in that the City would be made whole through the room tax.

Debt is all about risk. There is risk taken on by the debtor as well as risk taken on by the lender. The terms of any debt arrangement are made to mitigate risk to both parties to insure that the debt will be repaid as planned. Each of the options before us has risk which I will briefly discuss.

Revenue Risk: Each of these options relies on future room tax revenues for debt service payments. The best historical example we have of room tax revenues is the PAC bonds. The *average* yearly increase in room tax revenues over the life of those bonds has been around 4%. But the *range* of yearly changes in room tax collections is 12.14% in 2006 to -16.48% in 2009, meaning there is a fair amount of volatility in room tax revenues. This volatility puts the greatest risk on the debtor when the loan balance is at its greatest, or in the first several years of the loan. In the case of the fixed rate bonds, this risk is mitigated through an amortization schedule requiring lower debt service payments in the early years and increasing as time goes on. You can see this debt service schedule in the Baird presentation under the column labeled "Original Debt Service". In the case of the private placement bonds the revenue risk is mitigated through the use of an interest only arrangement, meaning if room tax revenue should decline in the early years of the loan the only debt service due is the interest on the loan. I have attached a chart with the actual room tax collected (adjusted to show 3% room tax) over the course of the PAC bonds along with a graph of the percentage of year to year changes.

Rate Risk: Rate risk can be mitigated by executing a fixed rate loan. With a fixed rate, the only remaining risk is if future rates fall far enough below your fixed rate that your debt could be restructured to pay the debt off sooner given any refinancing costs. With the current fixed rate proposal, it is hard to tell how far rates would have to fall without knowing the terms of the prepayment option. The rate risk with the private placement bonds is in the uncertainty of the rate at the rate reset date. If the 5 year treasury rate is higher at the reset date, then more of the future revenue will be required for interest payments and if the rate is lower at the reset date more of the future revenue can be used to pay down the principal. Because the rate in the private placement option is tied to the 5 year

treasury index, one could make the assumption that if rates are higher at the reset date, it would be an indication that the economy is doing well which should theoretically translate into higher room tax collections. If there is a desire to lock in a rate in the future, the private placement bonds allow for prepayment without penalty at any time. To give you a sense of the volatility of the 5 year treasury rate, I have attached a graph showing the historical changes over the last 16 years.

So, what does the economic future look like and how will it affect future room tax collections and interest rates? Which option before us mitigates the greatest risk going forward? According to the terms of the Cooperation Agreement, it is the responsibility of the Appleton Redevelopment Authority to issue the debt. But given the terms of the private placement bonds requiring the City of Appleton to guarantee a minimum of \$1,500,000 in the debt service account, or the terms of the fixed rate bonds requiring the City of Appleton be the obligor of the bonds, it is not unreasonable for the Common Council to make a recommendation to the ARA. It is also not unreasonable that once a decision is made, the other parties to the Cooperation Agreement fulfill their obligations under the agreement in a timely manner.

FRED

5-Year Treasury Constant Maturity Rate



Shaded areas indicate U.S. recessions

Source: Board of Governors of the Federal Reserve System (US)

myf.red/g/hwqW

Private Placement Bonds

Local Lender Financing

Issuer:	Appleton Redevelopment Authority (ARA)
Description:	Bonds placed with local lenders (5)
Trustee:	BMO Harris Bank, N.A.
Amount of Bonds:	\$31,000,000
Dated Date:	Ready to close pending approved Pledge and Security agreements
Interest Rate:	5-year treasury rate + 220 bps (2.20%) 4.53% as of 1/12/18
Maturity:	25 year maturity, no stated amortization schedule
Interest Payments:	Quarterly
Principal Payments:	Quarterly; room tax collections in excess of interest due
Prepayment Option:	Prepayment allowed anytime; no prepayment penalty
Tax Status:	Taxable according to the lenders tax status
Security:	Pledge of a portion of the Hotel/Motel Room taxes
Debt Service Coverage:	No debt service coverage required
Debt Service Reserve Fund:	Minimum of \$1,500,000 required; initial fund balance to be no less than \$3.4 million

10/26/17

EXHIBIT A to Commitment Letter
SUMMARY OF PRINCIPAL TERMS AND CONDITIONS
 Fox Cities Exhibition Center (the “FCEC”) Loan
 \$31,000,000 Secured Credit Facilities

Set forth below in this term sheet (the “**Term Sheet**”) is a summary of the principal terms and conditions for the Notes. Capitalized terms used but not defined in this Exhibit A shall have the meanings set forth in the Commitment Letter to which this Exhibit A is attached (the “**Commitment Letter**”).

Borrower:	The Redevelopment Authority of the City of Appleton (the “ Borrower ”), a redevelopment authority authorized under Wisconsin Statute § 66.1333(3) and established by resolution dated October 11, 1972 of the Common Council of the City of Appleton.
Arranger and Guarantor as Interest Reserve Fund Lender:	City of Appleton (the “ City ”)
Participant Lenders:	<p>The participant lenders shall consist of the following: [BANK], [BANK], [BANK], [BANK] and [BANK] (collectively, the “Participant Lenders” or individually, the “Participant Lender”).</p> <p>Each Participant Lender has committed to the following participation:</p> <ul style="list-style-type: none"> (a). Participant Lender: \$7,998,000 (25.80%) (b). Participant Lender: \$5,750,500 (18.55%) (c). Participant Lender: \$5,750,500 (18.55%) (d). Participant Lender: \$5,750,500 (18.55%) (e). Participant Lender: \$5,750,500 (18.55%)
Administrative and Collateral Agent:	BMO Harris Bank, N.A. (in such capacity, the “ Administrative Agent ”). The Administrative Agent shall provide services consistent with those of both an administrative agent and a collateral agent. The Administrative Agent shall be paid \$2,500 on the Closing Date and on the 10 th day of the third month following each calendar quarter thereafter through the term of the Draw

	Note, Term Note and Reserve Fund Note.
Municipalities:	The City of Appleton, City of Kaukauna, City of Neenah, Village of Kimberly, Village of Little Chute, Town of Grand Chute, Town of Neenah, City of Menasha, Village of Fox Crossing (f/k/a Town of Menasha) and the Village of Sherwood (collectively, the "Municipalities").
Project:	Loan proceeds will be used to finance and construct the Fox Cities Exhibition Center (the "Project") and potentially to pay the costs of issuance of the loans. In addition to the \$31,000,000 construction cost, the City has paid in excess of \$4.5 million to purchase land and provide infrastructure improvements to the Project. Additionally, the City has committed up to \$1.5 million in improvements to Jones Park, immediately adjoining the Project. The Project will be completed in the fall of 2017, with the first conference committed for January 2018.
Means of Repayment:	The Notes, as defined below, shall be repaid with room tax revenue pledged to the repayment of the Notes. The room tax revenue allocated and to be pledged to the repayment of the Notes is equal to 3% of all room tax assessed in the Fox Cities Tourism Zone (the "FCEC Room Tax"). The Municipalities have assessed a room tax equal to 10%, of which the FCEC Room Tax is part, of the room revenue paid at lodging establishments operating within the Fox Cities Tourism Zone. The FCEC Room Tax will not sunset until the Notes are fully satisfied. The Municipalities that comprise the Fox Cities Tourism Zone have entered into the Exhibition Center Cooperation Agreement which governs the assessment of room tax and it uses.
Closing Date:	The loan will close in November 2017 (the "Closing Date"). The Draw Note, as defined below, shall be closed in November 2017 which shall then be satisfied by the proceeds of the Term Note, as defined below. The Term Note shall be issued in payment of the Draw Note. The Term Note shall be issued between January 31, 2018 and March 30, 2018.
Notes:	<p>\$31,000,000 of senior secured notes (the "Notes"), consisting of:</p> <p>(a) A draw credit facility (the "Draw Note") in an aggregate principal amount of up to \$31,000,000, which will be drawn in increments to pay FCEC development costs. The Draw Note shall</p>

	<p>be satisfied by the proceeds of the Term Note and the Participant Lenders shall additionally loan the difference between \$31,000,000 and the Draw Note balance at the Term Note issuance. When satisfied, the Draw Note shall be terminated and no further draws shall be permitted.</p> <p>(b) A term loan facility (the “Term Note”) in an aggregate principal amount of \$31,000,000. The Term Note shall be issued to satisfy the Draw Note and draw the difference, if any, between the \$31,000,000 principal amount of the Term Note and the principal balance of the Draw Note upon Term Note issuance.</p> <p>(c) A Reserve Fund Loan, as defined below, shall include all sums contributed to the Reserve Fund, as defined below, by the City. The funds deposited to the Reserve Fund by the City shall be a loan from the City to the Borrower. The Borrower shall issue a “revolving” note to the City (the “Reserve Fund Note”) which memorializes the terms of the Reserve Fund Loan. The Reserve Fund Loan shall be secured by a subordinate position to the Collateral granted to the Participant Lenders. The Reserve Fund Note shall be paid only after the Participant Lenders have been paid in full or upon approval of all of the Participant Lenders. The Reserve Fund Loan shall be a non-cancellable line of credit.</p>
Maturity:	<p>Draw Note: The Draw Note shall mature no later than March 30, 2018, or earlier at the election of the Borrower. There shall be no amortization of loans under the Draw Note. Prepayment shall be permitted by issuance of the Term Note. Once paid from the proceeds of the Term Note, the Draw Note may not be reborrowed.</p> <p>Term Note: The Term Note shall mature on the 25th anniversary of the execution of the Term Note. There shall be no set amortization period of the Term Note except that all of the FCEC Room Tax collected in excess of interest and fees shall be applied to the then outstanding principal balance of the Term Note.</p> <p>Reserve Fund Note: The Reserve Fund Note shall be due and payable after the Term Note is fully satisfied or earlier as permitted by the unanimous consent of all of the Participant Lenders.</p>
Purpose and	Draw Note: The Draw Note shall be available on the Closing

Availability:	<p>Date for the purpose of (a) paying for and financing the Project and (b) paying fees and expenses incurred in connection with the Project in an amount not to exceed \$31,000,000. The Draw Note, once paid, may not be borrowed, repaid and reborrowed.</p> <p>Term Note: The Term Note shall be available in a single borrowing on or before the maturity date of the Draw Note, and shall be used to satisfy the then outstanding principal balance of the Draw Note. Once paid, in whole or part, the Term Note may not be reborrowed.</p> <p>Reserve Fund Note: The Reserve Fund Note shall be available on a revolving basis at any time the Reserve Fund balance is less than \$1,500,000.</p>
Term Note Terms:	<p>Acceptance of the Term Note and payment of the Draw Note shall be required; <i>provided</i> that (a) no event of default or default exists or would exist after giving effect thereto and (b) the representations and warranties in the Loan Documentation shall be true and correct in all material respects on and as of the date of the incurrence of the Term Note (although any representations and warranties which expressly relate to a given date shall be required only to be true and correct in all material respects as of the respective date).</p>
Interest Rate:	<p>The Draw Note shall bear interest at a rate equal to the three month maturity US Treasury Bill plus 250 basis points, the initial rate being set by the Participant Lenders within thirty days of issuance of the Draw Note. The interest rate shall be adjusted every three months. The initial rate shall be based upon the closing price of the three month US Treasury Bill plus 250 basis points as published by the United States Department of Treasury, Daily Treasury Yield Curve Rates <i>available at</i> https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield, on the day prior to respective issuance of the Draw Note.</p> <p>The Term Note shall bear interest at an initial rate equal to the five year US Treasury Note plus 220 basis points, which rate shall be fixed for the first five years of the Term Note. On the fifth anniversary and each five year anniversary thereafter of the Term Note, the interest rate shall be adjusted to be equal to the five year maturity US Treasury Note plus 220 basis points. The initial rate</p>

	<p>shall be based upon the closing price of the five year US Treasury Note plus 220 basis points as published by the United States Department of Treasury, Daily Treasury Yield Curve Rates <i>available at</i> https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield, on the day prior to respective issuance of the Term Note.</p> <p>The Reserve Fund Note shall bear an interest rate equal to the then current interest rate paid under the Term Note plus 50 basis points. All interest accrued and unpaid as of December 31 for that year shall be capitalized by adding the accrued interest to the Reserve Fund Loan principal as of January 1 of the following year.</p>
Interest, When Paid:	<p>Interest due under the Draw Note shall be paid from the Reserve Fund at the time of issuance of the Term Note.</p> <p>All interest due under the Term Note and Reserve Fund Note shall be due on the 10th day of the third month after the end of each calendar quarter, starting September 10, 2018. For example, interest for the period of April 1, 2018 through June 30, 2018 shall be due September 10, 2018. All other amounts due under the Loan Documents shall have the same due date as the interest due date.</p>
Loan Fee:	<p>The Participant Lenders shall be paid a fee equal to .50% of \$31,000,000 on the Closing Date.</p>
Voluntary Prepayments:	<p>Notes may be prepaid without penalty, in whole or in part, at the option of the Borrower at any time.</p> <p>All FCEC Room Tax shall be applied to interest, fees and principal in that order. All optional prepayments derived from funds other than the FCEC Room Tax shall be applied to principal.</p>
Benchmark Amortization (the "Benchmark Amortization"):	<p>The Loan Agreement shall require application of all FCEC Room Tax to be applied to the Notes. Interest and fees shall be paid first. The Term Loan principal shall be paid by applying FCEC Room Tax, after payment of interest, fees and costs, to principal. Principal repayment will be determined by the amount of available FCEC Room Tax. To measure the rate of principal payment, the actual principal balance under the Term Note (the</p>

“Term Note Comparison Principal Balance”) shall be compared to the 25 year amortization principal balance as shown on Exhibit A hereto (said Exhibit A to be finalized on the closing date of the Term Note) (the **“Benchmark Amortization Principal Balance”**). The Term Note Comparison Principal Balance shall be compared to the Benchmark Amortization Principal Balance at the beginning of each rate reset period. A rate reset shall occur every 5 years (the **“Rate Reset Period”**). In the event that the Term Note Comparison Principal Balance at the beginning of the Rate Reset Period, following application of the 4th quarter FCEC Room Tax from the period ending immediately prior to the Rate Reset Period, exceeds 112% of the Benchmark Amortization Principal Balance (110% for the third and fourth Rate Reset Period), each Participant Lender shall have the right to request that the Arranger take reasonable steps to replace that lender as a Participant Lender. If, within six months, the Arranger is not able to obtain a commitment from a replacement Participant Lender, the interest rate shall be increased by 25 basis points beginning at the next calendar quarter (the **“Benchmark Premium Rate Increase”**). The Benchmark Premium Rate Increase shall remain in effect until such time as the Participant Lender is replaced or the Term Note Comparison Principal Balance is less than 112% of the Benchmark Amortization Principal Balance (110% for the third and fourth Rate Reset Period). The Term Note Comparison Principal Balance shall be compared annually with the Benchmark Amortization Principal Balance following a Benchmark Premium Rate Increase. If the Term Note Comparison Principal Balance is less than 112% of the Benchmark Amortization Principal Balance on the first day of the annual loan term (110% for the third and fourth Rate Reset Period), then the Benchmark Premium Rate Increase shall not apply henceforth unless and until the next reset period triggers the Benchmark Premium Rate Increase.

A sample Benchmark Amortization, assuming a five year treasury rate of 2.04%, plus 2.2% (4.24%) is attached hereto as Exhibit A. The initial rate established at the closing of the Term Note shall be used to calculate the official Benchmark Amortization. Once the Benchmark Amortization is set, the Benchmark Amortization provisions shall be interpreted in accordance with the following example, derived from the attached Exhibit A.

Example: The Benchmark Amortization Principal Balance at

	<p>the beginning of the first reset period (balance after application of the 20th payment (5 years x 4 periods per year = 20 periods)) shall be \$27,329,188.15. In the event the Term Note Comparison Principal Balance is greater than or equal to \$30,608,690.73 (\$27,329,188.15 times 112%), a Participant Lender(s) may request to be replaced.</p> <p>The second reset period shall begin with period 21 under the Benchmark Amortization. The second principal comparison between the Benchmark Amortization Principal Balance and the Term Note Comparison Principal Balance shall be at the end of period 40 under the Benchmark Amortization. Subsequent reset periods shall be compared as described herein.</p> <p>The Benchmark Premium Rate Increase shall be the sole remedy available in the event the Term Note Comparison Principal Balance exceeds 112% of the Benchmark Amortization Principal Balance (110% for the third and fourth Rate Reset Period).</p> <p>If more than one Participant Lender requests replacement and all requests cannot be satisfied, the Arranger shall select which Participant Lender is replaced in its sole discretion. However, the Benchmark Premium Rate Increase applies if any Participant Lender that requests replacement cannot be reasonably replaced.</p>
Initial Reserve Fund Balance	The initial Reserve Fund balance shall be not less than \$3,400,000.
Maintenance of a Reserve Fund (the "Reserve Fund"):	<p>The Reserve Fund will be initially funded with the FCEC Room Tax revenue earned from January 1, 2016 through March 31, 2018 (totaling nine quarters of FCEC Room Tax revenue) (less certain payments as described herein).</p> <p>The City shall guaranty and maintain a minimum balance in the Reserve Fund of not less than \$1,500,000 (the "Minimum Reserve Amount") for the purpose of assuring timely payment of interest under the Draw Note and Term Note. In this capacity, the City shall be a "Guarantor." The Guarantor shall make payments to the Reserve Fund as described herein (the "Reserve Fund Loan"). All payments made by the Guarantor to maintain the Minimum Reserve Amount shall be a loan to the Borrower under the Reserve Fund Note.</p>

	<p>Reserve Fund amounts in excess of the Minimum Reserve Amount shall first be drawn in the event that FCEC Room Tax revenue is below the amount of interest and fees due. In the event the Reserve Fund balance falls below the Minimum Reserve Amount, the Guarantor shall, within a period of thirty days after notice from the Administrative Agent, make deposits to the Reserve Fund to maintain the Minimum Reserve Amount.</p>
<p>Reserve Replenishment Terms:</p>	<p>In the event amounts from the Reserve Fund fall below \$2,000,000 (as a result of funds being drawn to pay the interest and fees due under the Term Note), FCEC Room Tax revenue shall be used to replenish the Reserve Fund. The replenishment shall automatically occur when the FCEC Room Tax revenue exceeds the interest due in any quarter at a ratio above 1.5:1 (FCEC Room Tax revenue to Term Note interest due) ("Collection Ratio") until the Reserve Fund has a balance of not less than \$2,000,000 ("Reserve Fund Replenishment"). The Reserve Fund Replenishment shall be interpreted in accordance with the following example.</p> <p><u>Example:</u> The Reserve Fund balance is less than \$2,000,000. The Collection Ratio is greater than 1.5:1. Reserve Fund Replenishment shall be made in the following order of priority:</p> <ul style="list-style-type: none"> (a) Interest and fees due shall be paid from FCEC Room Tax revenue. (b) Principal due shall be paid (calculated as 50% of interest due) from the FCEC Room Tax revenue remaining after application of interest and fees under sub. (a), above. (c) The balance of FCEC Room Tax revenue, if any, remaining after the application of sub. (a) and sub. (b) shall be contributed to the Reserve Fund until the Reserve Fund balance is not less than \$2,000,000. (d) In the event that there is remaining FCEC Room Tax revenue after the application of sub. (a), sub. (b) and sub. (c), above, the remaining FCEC Room Tax Revenue shall be applied to principal. <p>When the Reserve Fund balance exceeds \$2,000,000, no additional FCEC Room Tax revenue shall be deposited thereto until such time as additional amounts are drawn from the Reserve</p>

	<p>Fund and the Collection Ratio is satisfied.</p> <p>In the event that there is any outstanding (unreimbursed) contribution by the Guarantor to the Reserve Fund and the Reserve Fund balance exceeds \$2,000,000, no additional FCEC Room Tax revenue shall be deposited thereto and all FCEC Room Tax revenue shall be paid to the Participant Lenders and applied in the following priority: interest, fees, principal and, if approved by Participant Lenders, repayment, in part or whole, of the Reserve Fund Loan.</p>
Repayment of Reserve Fund Loan prior to full satisfaction of the Term Note:	<p>When the Reserve Fund balance exceeds \$2,000,000, the Participant Lenders may, in their sole discretion, permit FCEC Room Tax revenue to be used to repay all or part of the Reserve Fund Loan, including all amounts due the Guarantor pursuant to the Reserve Fund Note. In the event there is an outstanding amount due under the Reserve Fund Note at the time that the Term Note is fully satisfied, the Reserve Fund Note shall be paid prior to termination of the FCEC Room Tax.</p>
Guarantor make whole provision:	<p>In the event that the Guarantor makes a Reserve Fund Loan, the Guarantor shall have been deemed to make a secured, junior loan to the Project, as defined herein. The Guarantor shall have a junior lien position, subordinate to the Participant Lenders. The Reserve Fund Loan shall be repaid at the end of the Term Note and prior to the expiration of the FCEC Room Tax. However, in the event that the Term Note is not fully repaid prior to the 25th anniversary of the Term Note, the Guarantor shall agree to subordinate and attorn to a new first position secured lender to facilitate the refinance of the Term Note. The Guarantor shall not be required to release its junior secured position until fully repaid from FCEC Room Tax revenue.</p>
Collateral:	<p>The Loan Documents and Notes will be secured by a valid and perfected first priority lien, in the instance of the Draw Note and Term Note, and second priority lien, in the instance of the Reserve Fund Note, on 100% of the FCEC Room Tax assessed and allocated for the Project and the Reserve Fund, (collectively, the "Collateral"):</p> <p>All pledges and security interests covering the Collateral shall be created on terms and pursuant to documentation reasonably satisfactory to the Participant Lenders.</p>

Deposit Accounts:	<p>The Reserve Fund shall be held in depository accounts at each Participant Lender's institution in an amount proportionate to the Participant Lender's participation (collectively, the "Reserve Deposit Accounts"). All FCEC Room Tax revenue collected after the closing of the Term Note shall be deposited into a deposit account maintained by the Administrative Agent at the Administrative Agent's institution (the "Operating Deposit Account"). Prior to the last day of the second month succeeding each calendar quarter end, FCEC Room Tax revenue will be deposited into the Operating Deposit Account. The Administrative Agent shall apply FCEC Room Tax revenue deposited into the Operating Deposit Account consistent with the terms of the Loan Documents prior to the 10th day of the third month succeeding each calendar quarter end.</p> <p>The Operating Deposit Account and Reserve Deposit Accounts shall be subject to certain Deposit Account Control Agreements.</p>
Loan Documentation:	<p>The definitive loan documentation for the Notes (the "Loan Documents") shall contain the terms and conditions set forth herein and in the Commitment Letter to which this Term Sheet is attached and such other terms as the Borrower and the Participant Lenders shall agree upon.</p>
Conditions Precedent to Borrowings:	<p>The effectiveness of the Loan Agreement and funding of the Draw Note on the Closing Date shall be subject to the conditions precedent set forth in (a) the following Conditions Precedent to all Borrowings, (b) the Commitment Letter and (c) Schedule A hereto.</p>
Conditions Precedent to all Borrowings:	<p>Each draw under the Draw Note and the issuance and acceptance of the Term Note shall be subject to:</p> <ul style="list-style-type: none"> (a) Receipt by Participant Lenders of a notice of borrowing; (b) Absence of any default or event of default before, or after giving effect to, such borrowing; and (c) The accuracy in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof) of the representations and

	warranties of the Borrower.
Representations and Warranties:	Representations and warranties applicable to the Borrower shall include, without limitation, the following: Borrower existence; Borrower power and authority; non-contravention; authorization and enforceability of the Loan Documents; no conflicts with law or contractual obligations; accuracy and completeness of financial and other information (including reporting of FCEC Room Tax revenue and confirmation of the accuracy of the estimated costs of the FCEC as the costs are actually incurred); no material adverse change with respect to the Borrower; compliance with applicable laws and regulations; consents and approvals of that certain Pledge and Security Agreement, as defined in the Exhibition Center Cooperation Agreement, by the Municipalities which are part of the Exhibition Center Cooperation Agreement; no liens; no material litigation; use of proceeds; no default or event of default; and the validity, priority and perfection of liens and security interests in the Collateral.
Affirmative Covenants:	Affirmative covenants applicable to the Borrower and its subsidiaries shall include the following: delivery of quarterly room tax receipt statements; compliance with applicable laws and regulations; keeping of books and records related to the collection of the FCEC Room Tax and the Reserve Fund by the Administrative Agent.
Events of Default:	Events of default applicable to the Borrower (subject to grace periods, thresholds and exceptions to be agreed upon): failure to pay interest when due or the failure to remit all of the FCEC Room Tax revenue collected for the Project in excess of the interest payment, excepting the amounts deposited in accordance with the Reserve Fund Replenishment; breach of representations, warranties or covenants, subject, in the case of certain affirmative covenants, to a grace period of 30 days after the earlier of (a) actual knowledge by a responsible party of any loan party and (b) receipt of written notice from the Administrative Agent; bankruptcy and insolvency events; actual or asserted invalidity or impairment of any guarantees or security documents or subordination provisions.
Amendments:	Amendments and waivers of the provisions of the Loan Documents shall require the approval of the Participant Lenders

	<p>holding more than 50% of the aggregate principal amount of the Notes and unused commitments under the Notes; <i>provided</i> that (a) the consent of each directly and adversely affected Participant Lender shall be required for, among other things, (i) increases in the commitment of such Participant Lender; (ii) reductions of principal, interest or fees of such Participant Lender; (iii) extensions of scheduled amortization or the final maturity date of the Notes or commitments of such Participant Lender; and (iv) releases of all or substantially all of the Collateral or all or substantially all of the value of the guarantees; and (b) the consent of 100% of the Participant Lenders shall be required for modifications to any of the voting requirements (or any applicable related definitions) and modifications to pro rata treatment.</p> <p>The Loan Documents shall contain customary provisions for replacing non-consenting Participant Lenders in connection with amendments and waivers requiring the consent of all Participant Lenders, so long as Participant Lenders holding more than 50% of the aggregate amount of the Loans and unused commitments have consented thereto.</p> <p>Notwithstanding anything to the contrary set forth herein, the Loan Documents will provide that at any time and from time to time the Borrower may request that the scheduled maturity dates of part or all of any Loans be extended with the consent of each extending Participant Lender, subject to terms and conditions to be agreed upon and reasonably satisfactory to the Participant Lenders and the Administrative Agent.</p>
Defaulting Lenders:	<p>The Loan Documents shall contain customary provisions relating to defaulting Participant Lenders (to be defined on terms reasonably satisfactory to the Administrative Agent), including, without limitation, (a) reduction, termination or assignment of commitments or Notes of such Participant Lenders, including the non-pro rata removal or replacement of any Participant Lender that has been deemed insolvent or become subject to a bankruptcy, insolvency, receivership or other similar proceeding, or has otherwise defaulted under other credit agreements to which it is a party, (b) provisions relating to providing cash collateral to support the Draw Note or the Term Note, (c) the suspension of voting rights and (d) rights to receive certain fees.</p>
Assignments and	Each Participant Lender may assign all or part of its loans and

Participations:	<p>commitments without the consent of Borrower, Administrative Agent or Guarantor. The Participant Lender shall provide notice of such assignment and a form assignment agreement shall be attached to the Loan Agreement.</p> <p>No Participant Lender shall be permitted to sell sub-participations under the Loan Documents.</p>
Expenses and Indemnification:	<p>(a) All reasonable out-of-pocket expenses of the Administrative Agent and the Participant Lenders incurred in connection with the syndication of the Notes and the preparation, execution, delivery, administration, amendment or waiver of the Loan Documents including the reasonable fees, disbursements and other charges of counsel to the Administrative Agent and the Participant Lenders and, if necessary, of one special counsel and one local counsel in any relevant jurisdiction; and (b) all reasonable out-of-pocket expenses of the Administrative Agent and the Participant Lenders (including the fees, disbursements and other charges of counsel to the Administrative Agent and the Participant Lenders and, if necessary, of one special counsel and one local counsel in any relevant jurisdiction) in connection with the enforcement of the Loan Documents, including in connection with workouts or restructurings, shall be paid from FCEC Room Tax revenue allocated to the Project after interest payment made on the Notes but prior to principal payments being made to the Draw Note or the Term Note.</p> <p>The Administrative Agent and the Participant Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will be indemnified and held harmless against any loss, liability, cost or expense (including the reasonable fees, disbursements and other charges of one firm of counsel to the indemnified parties and, if a conflict of interest exists, one additional counsel to the affected indemnified parties and, if necessary, of one special counsel and one local counsel in any relevant jurisdiction) incurred in connection with the financing contemplated hereby or the use of proceeds of the Notes, except to the extent they result from such person's gross negligence, willful misconduct or breach in bad faith/a material breach by the indemnified party of the Loan Documents.</p> <p>In the event that the Loan Documents are not executed and Notes not funded, the legal fees of one firm representing all Participant</p>

	Lenders will be paid with FCEC Room Tax revenue.
Arranger's Counsel and Borrower's Counsel:	von Briesen & Roper, s.c. has drafted the Loan Documents for review and approval of Participant Lenders and Participant Lenders' counsel.
Participant Lender's Counsel:	To be determined at the discretion of the Administrative Agent.
Legal Conflicts:	There potentially exists a legal conflict arising from von Briesen & Roper, s.c.'s representation of Participant Lenders on separate matters. Therefore, each Participant Lender is requested to waive a legal conflict arising because of von Briesen's representation of the Participant Lender in separate matters and to expressly acknowledge that von Briesen & Roper, s.c. does not represent the Participant Lender for the transaction contemplated herein.
Taxes, Yield Protection and Increased Costs:	The Loan Documents will contain customary provisions for facilities of this kind, including, without limitation, in respect of increased regulatory costs, capital adequacy and illegality.
Governing Law and Forum:	State of Wisconsin.
Waiver of Jury Trial:	All parties to the Loan Documents waive the right to trial by jury.

SCHEDULE A

Conditions precedent to initial borrowings under the Notes shall include, without limitation:

(a) **Loan Documentation.** Delivery of executed loan documentation for the loan agreement, pledge and security documents and Notes on terms reasonably acceptable to the Participant Lenders and consistent with the terms of this Term Sheet.

(b) **Guaranties and Collateral.** Delivery of executed guaranties and a pledge and security agreement required from the Borrower and the Municipalities in form, scope and substance reasonably satisfactory to the Participant Lenders. Subject to the limitations set forth in the Commitment Letter, (i) the Administrative Agent shall have a first priority perfected security interest (subject to permitted liens) in all Collateral, (ii) all required filings, recordations and searches with respect to such security interests shall have been duly made, and (iii) all filings and recording fees and taxes shall have been duly paid.

(c) **Customary Ancillary Documents.** Delivery of (i) evidence of authority, authority authorization documents, documents from public officials, and officers' certificates as to the Borrower, pledging Municipalities and the Guarantor; (ii) evidence of insurance; and (iii) a customary borrowing certificate, each in form and substance satisfactory to the Participant Lenders.

(d) **Financial Statements.** Receipt by the Participant Lenders of the most recent room tax collection report certified by the Administrative Agent.

(e) **Fees and Expenses.** Payment of all fees and expenses of the Participant Lenders and the Administrative Agent required to be paid by the Borrower on the Closing Date to the extent invoiced prior to the Closing Date.

(f) **Litigation.** Absence of litigation with respect to the Loan Documents and the Notes.

(g) **Approvals and Consents.** Receipt of all necessary municipal and material third party approvals and consents in connection with the Loan Documents and the Notes.

(h) **Compliance with Laws.** Compliance in all material respects of the Loan Documents and the Notes and the consummation thereof, with all applicable laws, including those of the governing body of a Participant Lender (i.e., National Credit Union Administration or Federal Deposit Insurance Corporation).

(i) **Due Diligence.** Completion by the Participant Lenders of their confirmatory accounting, legal, and regulatory due diligence review of the Borrower with results satisfactory to the Participant Lenders.

(j) **INTENTIONALLY OMITTED**

(k) **Closing Certificate.** Receipt by the Participant Lenders of a certificate from the Administrative Agent in form and substance satisfactory to the Participant Lenders certifying that the FCEC Room Tax revenue is being remitted by the Municipalities that comprise the Fox Cities Tourism Zone and that FCEC Room Tax revenue is being received in the normal course and that no Municipality has refused to remit FCEC Room Tax revenue.