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FINANCE DEPARTMENT

100 N Appleton Street
Appleton, Wisconsin 54911
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To: Members of the Appleton Redevelopment Authority

From: Tony Saucerman, City of Appleton Finance Director

Date: December 29, 2017

Re: Short-term Loan from the City of Appleton

To date, the financing package for the construction of the Fox Cities Exhibition Center has yet to be completed. Due to this unanticipated delay, and the decision to proceed with the construction in 2016, the City of Appleton has been paying the construction costs as bills have come due. This arrangement was initially meant to be a short-term solution while the long-term financing package was put together. Unfortunately, due to this delay in financing, a substantial amount of time has passed resulting in a large majority of the project costs being funded by the City.

Since the eventual long-term funding will come from the ARA, which is a legally separate entity from the City, in essence, the City has been providing a short-term loan to the ARA while the long-term funding plan is being finalized. In recognition of this fact, and as recommended by the City and ARA's auditors since the loan will appear on the both the City and ARA's December 31, 2017 financial statements, approval of this short-term financing arrangement between the City and ARA is being requested.

It is not without recognition that this request is being made after the majority of the construction costs have already been paid by the City and for that I apologize and ask for your understanding. I realize the uncomfortable position for which you are being placed. However, as noted previously, it was never anticipated that the ARA borrowing would be outstanding at the end of 2017.

As a result, I am requesting approval of the acceptance of a short-term 0% interest loan from the City of Appleton for an amount not to exceed \$31,000,000 for the construction of the Fox Cities Exhibition Center which will be repaid upon the closing of long-term financing by the Appleton Redevelopment Authority which is anticipated in early 2018.