



CITY OF APPLETON

MEMORANDUM

Date: April 2, 2026

To: Finance Committee

From: Kara Homan, AICP, Director of Community Development

Subject: Request to approve FCEC MOU, between City and Driftwood Hospitality

Background & Overview

We are pleased to report we have reached an aggregable framework for the future Fox Cities Exhibit Center Management Agreement, to be memorialized in principle by the attached Memorandum of Understanding (MOU), which has already been signed by the Operator, Driftwood Hospitality Management. This memo outlines the major terms within the proposed MOU that both protect the City's financial position and incentivize the operator to maximize bookings and revenue generation. This aligns with the recommendations made by our exhibition center consultant, CSL International, and the new agreement objectives that the Appleton Redevelopment Authority, Fox Cities Exhibition Center Advisory Committee was briefed on at their [December 2025 meeting](#).

The proposed MOU shifts the FCEC toward a performance-based, industry-aligned model that creates a long-term revenue source to protect the city's capital asset, while creating strong incentives for the operator to increase bookings, enhance revenues, and improve overall facility performance. Below are highlights to this effect:

City Benefits & Protections

- *Dedicated Revenue to Capital Reserve:* Establishes graduated revenue sharing (1%–6% of gross revenue) paid to the City, to be directed to a capital reserve fund to support long-term facility needs.
- *Operator Assumes Operating Risk:* Operator is responsible for operating shortfalls, limiting City exposure to annual losses.
- *City Retains Asset Control:* City maintains authority over capital investments and approval of sponsorship/naming rights.
- *Removal of Legacy Constraints:* Eliminates PILOT and free-use day requirements that limited financial performance, while still outlining expectation to provide discounted rates for municipal room tax partners.

- *Enhanced Oversight:* Routine reporting and real-time booking visibility improve transparency and coordination with the City and Fox Cities Convention and Visitors Bureau.

Revenue Growth & Booking Incentives

- *Flexible, Market-Based Pricing:* Operator can set rental and service rates to drive competitiveness and utilization.
- *Expanded Revenue Capture:* Preferred/exclusive vendor models and service revenue-sharing increase event-related income.
- *New Revenue Opportunities:* Enables sponsorships, space naming rights, and other ancillary revenues.
- *Aligned Incentives:* Operator benefits from higher performance while sharing revenues with the City, encouraging aggressive booking and revenue growth.

Action Request:

Staff requests that the attached Memorandum of Understanding between the City of Appleton (Owner) and Driftwood Hospitality Group (Operator) **BE APPROVED.**

Future Steps:

City Community Development, Parks & Recreation and Legal Services staff will work with our advisory consultant, CSL, to draft a new management agreement using the agreed upon terms of this MOU as the basis. At a future date, once the Management Agreement is finalized, it will be presented to the Finance Committee and Common Council for final review and approval.