

Hi

If you read this morning's Post-Crescent, you know there is progress to report on the Fox Cities Exhibition Center! Here is some background.

In May, Juan Mira of LNR (the Radisson Paper Valley Hotel former lender's rep and now owner's rep) and Peter Connolly SVP of Hostmark (LNR's operating partner) were in the Fox Cities. Together with RPVH manager Jay Schumerth, they met with Appleton's Economic Development Director Karen Harkness and me.

At the meeting, Juan announced that the owners (purchaser of the hotel at auction), as represented by LNR, were going to keep RPVH for the foreseeable future, and it would be managed by Hostmark as it now is. The RPVH is not for sale and this meant we would be dealing directly with LNR/Hostmark as the rep of the owner, with respect to the future operation of the proposed Exhibition Center.

Subsequently, on behalf of the FCEC, Inc., I signed the Lease Term Sheet. It serves as a definitive agreement for guidance in the drafting of a formal lease. It will satisfy various City of Appleton requirements for action on next steps toward the realization of an Exhibition Center.

Given that we have the RPVH agreement in place, we are now ready to move forward. The City Economic Development staff have been finalizing the purchase terms for the City to obtain the site from Outagamie County. After approval of the transfer by the County Board and City Council, the City will then plan to prepare the site and transfer it to Fox Cities Exhibition Center, Inc., for development.

Concurrently, we will work with the eight municipalities that are members of the local room tax commission to obtain an increase in the tax on hotel room occupancy from the current level of 5% or 6% to 8% or 9%. This rate follows most non-resort occupancy tax levels in our area.

The new room tax level will provide a basis for bond financing for construction. Once collections start, R.W. Baird, bond underwriters, will go to market to obtain construction funding backed by room tax revenue. Timing is important; a 1% increase in the long-term interest rate from current levels will reduce resulting construction funds by over \$1 million.

Some additional funding will be requested from private sources in return for naming opportunities.

It has been over a year since we priced the cost for construction. Although interest rates for financing have remained low, some costs have increased, especially due to Super-Storm Sandy and the 2013 blitz of tornados; revised cost estimates are in process.

I look forward to providing more frequent updates as we move ahead. Thanks for your continued support of the efforts to make the Fox Cities an even greater place to live!

Walt Rugland,  
Chairman,  
Fox Cities Exhibition Center, Inc.