

EXHIBITION CENTER DEVELOPMENTS STATUS July 20, 2011

The last status report was June 15. This update looks forward at the effort that needs to be taken to achieve the resulting Exhibition Center we have targeted.

I have confirmed the Boldt construction cost estimates and they are ready to start the project when we have funding in place. Our target for funding components being in place is Oct/Nov and is driven by the expectation of favorable bond markets. With this timing the facility would be completed by late spring 2013. The RPV is ready to begin hosting events then, given the 15 month lead time required for construction.

The funding components in "round" numbers are as follows: Net proceeds from bonds backed by occupancy tax: \$12.5 million; CVB grant: \$1 million; City of Appleton support: \$3 to \$4 million; Corporate naming gifts: \$3 million; RPV gift: \$.5 million. Total: \$20 million.

Karen Harkness scheduled a presentation to the Appleton City Council on July 6. I covered the information provided at the June County Board meeting and gave an indication of the amount of dollars that will be requested of the City the final number will depend on the negotiations with the County and the actual expectations we will have for the room tax bond proceeds. There was a brief time for discussion. I asked the Council for City support in these 6 areas; to complete the funding package we need agreements of items 1, 2 and 5, and to get to a construction date we need 3 and 4.

1. Approve a City contribution of between \$2 and \$4 million.
2. Approve a requested room tax increase and support the bond issue process.
3. Approve Jones Park west hill as a part of the site.
4. Expedite development process.
5. Support negotiated parking plan with the County.
6. Consider vacating 8th and Elm boundary streets.

Creative work has been tested with respect to the hotel occupancy tax structure and the resulting bond that it will support. We have hired Godfrey and Kahn as bond counsel and R W Baird as bond underwriter. Baird proposes an increase in the tax of 1.5% for Grand Chute, Kimberly, Neenah, and Little Chute and 4% for Appleton. For other communities we would not propose an increase in room tax. The 2% occupancy tax that supports the Fox Cities Performing Arts Center construction ends in 10 years, but is expected to end sooner as the bond is paid down. The new tax level would stay in place until the EC bond is retired (expected to be 22 years). The legislative bodies that need to approve the increase in room tax are the Appleton and Neenah Common Councils, the Kimberly and Little Chute Village Boards and the Grand Chute Town Board. Baird is very concerned about the timing for the sale of the bonds and urges us to move as rapidly as possible to bring them to market while the interest rate environment is favorable.

It is time to begin the discussion with corporate leadership about naming gifts for the project. I have had some preliminary discussions and this morning I outlined the FCEC plan to the Chamber Board. I hope this will lead to an overt expression of Chamber advocacy for the project, and perhaps consideration of naming gifts. The amount of corporate support needed will depend on the proceeds from the occupancy tax and the amount negotiated with the County and the City. I think it is at least \$2.5-\$3.0 million An FCEC Committee has proposed the following

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levels of support for naming gifts: Building-\$1.5 million, Large Exhibition Hall-\$750,000, Gathering Space-\$500,000, Bridge over Lawrence St.-\$250,000, Lawrence St. Entry-\$250,000.

The Outagamie County Board resolution of June 14 called for terms to be negotiated with respect to the transfer of the site to FCEC. These apply to parking issues for the County and the sunk cost that the County has in the site (\$2 million). The resolution that was passed included an amendment that provided for any funds that are passed to the County be held in reserve for County space needs, and not spent on operations. Tom Nelson has the negotiating duty for the County and he has undertaken the task with due attention. He is addressing both the County parking needs and the price that would be fair for County reimbursement. The County Board will need to finally approve Tom's agreement with us.

Earlier this week Leota Ester invited her fellow residents of Lawrence Ct. (the condos to the east of Jones Park) to an information discussion hosted by RPV. We had good discussion and general support by those attending. One suggestion was to consider commissioning a public art mural on the wall that will rise from the park floor, a concept worthy of consideration.

Last month I sent a letter to the CVB asking to be considered for a million dollar grant contingent on all other aspects of the project coming together. If the Grants Committee thinks we have merit we will be invited to submit a proposal. Normally our proposal would be considered at the CVB November meeting. I have asked that our proposal be considered at an earlier date, assuming we are asked to provide one. We need a firm commitment sooner, since planned funding must be a part of the room tax bond package. If the CVB Board agrees with the grant, the Grand Chute Town Board must concur.

I have often likened this effort to the need to arrange for a perfect storm, a coming together of disparate organizations and ideas. I think we can see now that it can happen. The RPV has made its commitment. The County has accepted the idea of releasing the site. The City has warmly received the report on progress and the staff is doing its preparatory work. The room tax levels have been structured to meet most of the conditions warranted. The bond market has been well researched and applied in design of the bond financing. The corporate gifting structure has been proposed and contacts are being made. Advocacy seems common place. It will take the effort of many to complete the job.

Thanks in advance.

WSR July 20