April 21, 2014

Ms. Pam Seidl
Executive Director
Fox Cities Convention & Visitors Bureau
3433 West College Avenue
Appleton, Wisconsin 54914

Dear Ms. Seidl:

Conventions, Sports & Leisure International (CSL) has completed an updated market and economic impact analysis associated with the proposed Fox Cities Exhibition Center (Center). The attached report presents our research, analysis and findings and is intended to assist the Fox Cities Convention and Visitors Bureau (CVB) in evaluating the viability of Center development.

The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, surveys of potential facility users, discussions with industry participants and analysis of competitive facilities and communities. The sources of information, the methods employed, and the basis of significant estimates and assumptions are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material.

The findings presented herein are based on analysis of present and near-term conditions in the Fox Cities area as well as existing interest levels by a new Center's potential base of users. Any significant future changes in the characteristics of the local community, such as growth in population, corporate inventory, competitive inventory and visitor amenities/attractions, could materially impact the key market conclusions developed as a part of this study. As in all studies of this type, the estimated results are based on competent and efficient management of the potential Center and assume that no significant changes in the event markets or assumed immediate and local area market conditions will occur beyond those set forth in this report. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct.

This report has been prepared for the internal use of the CVB and should not be relied upon by any other party. The report has been structured to assist CVB representatives in evaluating the current market demand and associated potential economic impact characteristics of a potential Center in Fox Cities and should not be used for any other purpose. This report, its findings or references to CSL may not be included or reproduced in any public offering statement or other financing document.

We sincerely appreciate the assistance and cooperation we have been provided in the compilation of this report and would be pleased to be of further assistance in the interpretation and application of our findings.

Very truly yours,

CSL International

Conventions, Sports & Leisure International
520 Nicollet Mall • Suite 440 • Minneapolis, MN 55402 • Telephone 612.294.2000 • Facsimile 612.294.2045

Updated Market and Economic Impact Analysis
Related to the Proposed Fox Cities Exhibition Center

Introduction and Background

Conventions, Sports & Leisure International (CSL) was recently retained by the Fox Cities Convention & Visitors Bureau (CVB) to provide business planning advisory services, including an updated market and economic impact analysis associated with the Fox Cities Exhibition Center (Center), as well as the overall related convention facility product that includes existing conference space provided within the Radisson Paper Valley Hotel (Radisson). This document outlines the key findings associated with the updated market and economic impact analysis.

Key milestones of relevance to the Center and this current analysis include:

1. In 2008, CSL was retained by the CVB and the Fox Cities Chamber of Commerce, overseen via a 13-member Task Force, to conduct a feasibility study of a potential new convention center in the Fox Cities. A final report was issued in September 2008. Key recommendations included:
    a. A multipurpose, subdividable exhibit hall of between 30,000 and 35,000 square feet.
    b. An upscale ballroom of between 12,000 and 15,000 square feet.
    c. Breakout meeting rooms comprising between 15,000 and 20,000 square feet.
    d. At least 350 quality, full-service hotel rooms attached or within close walking distance.
    e. Under Scenario 1 (of three development scenarios analyzed), a publicly-funded Center would be built adjacent to the Radisson and a public/private partnership would be undertaken to leverage the Radisson hotel and conference facility product, as well as to allow for the removal of the operating responsibility from the public sector.
2. In April 2010, subsequent to the completion of the feasibility study, a Convention Center Community Coalition was appointed by the Mayor of Appleton to undertake additional assessment and strategic planning steps with regard to the project.
3. In January 2011, an independent corporation was founded, Fox Cities Exhibition Center, Inc., to build, own and oversee the Center.
4. In late 2011, a convention industry-experienced team of architects, engineers and planners was contracted by Fox Cities Exhibition Center, Inc. to prepare an architectural program and design concept document, which was delivered in March 2012. The program and design is largely consistent with CSL's 2008 recommendations (under Scenario 1)—specifically, 31,500 square feet of exhibition space attached to the Radisson (via skybridge) with state-of-the-industry apportionment and finish of event/support space and FF&E. However, one significant variation that is alluded to in the document involves the inclusion of a carpeted surface in the entire exhibition hall. Implications and issues related to this aspect will be discussed later in this report.
5. In July 2013, a lease term sheet, or memorandum of understanding (MOU), between Fox Cities Exhibition Center, Inc. and the owner of the Radisson was signed. The MOU outlined key terms and conditions relating to the Center, its operation and maintenance, financial considerations and some other items. In general, the Center will be owned by Fox Cities Exhibition Center, Inc. and will be leased for a period of 25 years to the Radisson, which will operate it at their own risk or gain. The Radisson will also be responsible for property taxes and contribution to a capital repair/replacement fund (via an annually-calculated "rent" payment). Beyond these responsibilities and limited language governing quality standards, the term sheet and draft Lease

and Management Agreement provide little to no guidance with respect to mission, target event segments and preferred event candidates, booking priorities, discounting policies, rental/equipment/service rates, hotel room block protections, and other such items. These items are often instrumental considerations in an industry best practices approach to public/private partnership structuring for convention center and hotel projects that serve to protect taxpayer dollars and public sector interests.

6. In December 2013, the CSL project leader conducted a site visit to Appleton to discuss with the CVB and other key Center stakeholders pertinent issues relating to project planning. Discussion focused around (1) the current state of the project, participants, program/design, funding and agreements; (2) local market and industry changes since the original study; and (3) industry best practices as they relate to various business planning, ownership/governance, funding, policy/procedure, stakeholder/partner agreements and other such issues. While not part of the market/economic analysis that is the subject of this report, CSL will be available to advise on these funding, partner/stakeholder roles and other business planning aspects of the Center as requested.

The following sections of this summary report outline the various research and analyses conducted to specifically update market demand, event/utilization and economic impact estimates for the proposed Fox Cities Exhibition Center. As appropriate, references will be made to data contained within the original feasibility study conducted by CSL (dated September 8, 2008).

Local Market Demographics

The strength of the local market, in terms of its demographic and socioeconomic attributes, can provide an indication of a community's ability to draw and accommodate large numbers of convention, conference, tradeshow, consumer show, meeting and other event attendees. In an effort to identify and explore recent trends relative to important demographic characteristics of the Fox Cities, we have updated the data compiled in our 2008 analysis relative to key demographic metrics, as shown in the exhibit below.

Summary of Selected Demographic Metrics

Demographic Variable	Fox Cities CBSA	25-Mile Ring	100-Mile Ring	200-Mile Ring	State of Wisconsin	U.S.
Population (1990)	174,801	470,884	3,202,409	15,566,705	4,891,769	248,709,873
Population (2000)	201,602	534,019	3,464,386	17,198,172	5,363,675	281,421,906
Population (2014)	230,092	519,520	3,878,672	18,345,713	5,748,704	317,199,353
% Change (2000-2014)	*14.1%*	*-2.7%*	*12.0%*	*6.7%*	*7.2%*	*12.7%*
Population (2019 est.)	235,171	532,067	3,937,143	18,541,088	5,827,283	328,309,464
% Change (2014-2019)	*2.2%*	*2.4%*	*1.5%*	*1.1%*	*1.4%*	*3.5%*
Avg. Household Inc. (1990)	$38,048	$36,515	$36,061	$39,722	$35,179	$38,453
Avg. Household Inc. (2000)	$58,168	$55,694	$54,765	$59,960	$53,863	$56,644
Avg. Household Inc. (2014)	$69,202	$67,315	$66,262	$70,662	$65,429	$71,320
% Change (2000-2014)	*19.0%*	*20.9%*	*21.0%*	*17.8%*	*21.5%*	*25.9%*
Avg. Household Inc. (2019 est.)	$72,305	$71,702	$70,723	$74,409	$68,399	$75,940
% Change (2014-2019)	*4.5%*	*6.5%*	*6.7%*	*5.3%*	*4.5%*	*6.5%*
Median Age (2014, in years)	38.1	38.3	38.6	37.7	38.9	37.7

As shown in the exhibit on the previous page, the estimated 2014 population of the Fox Cities CBSA is approximately 230,100, up 14.1 percent from the year 2000. This compares favorably to growth rates seen over the same period for the concentric rings, the state of Wisconsin, and the U.S. as a whole. Relative to the CBSA's 2007 population of approximately 218,400, the current population represents a 5.3 percent increase. According to U.S. Census data estimates, the Fox Cities CBSA population is anticipated to reach just over 235,000 people by the year 2019, suggesting a growth rate of 2.2 percent over the next five years. This is compared to projected growth of 5.1 percent for the CBSA in 2007.

The average household income for the Fox Cities CBSA ($69,200) has grown 19.0 percent over the last 14 years, which is lower than most of the market areas looked at and considerably lower than what was achieved by the U.S. as a whole (26 percent). That being said, the dollar figure is comparable to the national average and is higher than all but one of the other markets considered. Relative to 2007's average household income of just over $70,000, the current average has actually decreased 1.2 percent. Looking forward, the average household income is projected to grow 4.5 percent over the next five years, reaching $72,300 by the year 2019. For comparative purposes, the growth in household income between 2007 and 2012 was projected to grow 11.3 percent and reach $77,900.

The median age for the CBSA of 38.1 years is in line with all market areas considered, including the national average of 37.7 years. All market areas have seen increases in median age over the periods looked at. The CBSA, in 2007, had a median age of 37.0 years, which was up from 34.5 in 2000. The U.S. as a whole, by comparison, had a median of 36.6, up from 2000's 35.3.

In summary, the current analysis suggests less favorable demographic growth trends than estimated in the 2008 study. Specifically, population growth projections for the Fox Cities over the next five years are presently less than half the rate than projected in the previous study (2.2 percent versus 5.1 percent). Likewise, average household income for the Fox Cities is also projected over the next five years at less than half the previously projected rate (4.5 percent versus 11.3 percent).

Local Market Lodging Supply

A market's hotel inventory often contributes heavily to the potential success of convention facilities as well. The available hotel inventory (in terms of number of rooms, quality, location, etc.) can be very important in generating the desired economic impact of added convention space. As noted in our 2008 analysis, there were approximately 28 lodging properties in the Fox Cities area with 50 or more hotel rooms. Together, these properties combine to provide an estimated 3,100 hotel rooms.

The largest hotel properties in the Fox Cities market remain the Radisson Paper Valley Hotel (with 388 guestrooms) and the Holiday Inn Select (with 228 guestrooms). Other area hotels generally consist of smaller, limited service properties offering 130 or fewer guestrooms. In terms of existing local conference and meeting space, the Radisson Paper Valley Hotel is still the largest such facility in the area, with a total of 33,700 square feet of sellable event space.

Based on current research and conversations with CVB representatives, there has been relatively little material change to the overall inventory and quality of hotel rooms in the Fox Cities market since the completion of the 2008 study.

Competitive and Regional Convention Facilities

In evaluating the market demand for new convention center space in the Fox Cities, it is important to gain an understanding of the current competitive facility environment. Within this step, we have reviewed the physical characteristics of existing and planned facilities in the region that could compete with the proposed project, focusing on new and planned projects that have materialized since the research completed for the 2008 feasibility study. As a part of our 2008 analysis, a total of 26 competitive/regional convention facilities were identified that could compete with a potential Fox Cities Center with respect to one or more key flat floor event segments (i.e., conventions, conferences and tradeshows held by state/regional associations, SMERF [social, military, educational, religious, fraternal] groups, corporations, government, etc.). As part of our current analysis, this research has been updated to both confirm the existence of space levels outlined in 2008, as well as to identify and quantify any additions or subtractions to event space in the region that have taken place or are being considered/planned.

The exhibit below presents an up-to-date summary of space levels and hotel offerings among a total of 31 competitive and regional facilities located throughout the state of Wisconsin. Facilities offering in excess of 10,000 square feet of sellable event space were considered.

Summary of Competitive/Regional Convention Facilities

		SQUARE FEET				Hotel	Distance to
Facility	City, State	Exhibit	Ballroom	Meeting	Sellable	Rooms	Fox Cities
Alliant Energy Center	Madison, WI	100,000	0	20,000	120,000	140	106
Best Western Premier Waterfront Hotel & Conv. Center	Oshkosh, WI	15,400	3,500	4,800	23,700	179	20
Blue Harbor Resort & Conference Center	Sheboygan, WI	0	9,600	4,700	14,300	246	90
Chula Vista Resort	Wisconsin Dells, WI	0	31,500	19,200	50,700	621	114
Country Springs Waukesha	Waukesha, WI	0	12,000	6,100	18,100	187	102
Devils Head Resort & Cliffhaus Convention Center	Merrimac, WI	0	9,000	11,500	20,500	256	108
Grand Geneva	Lake Geneva, WI	13,500	19,400	56,700	89,600	355	148
Ho-Chunk	Wisconsin Dells, WI	0	28,600	1,400	30,000	302	114
Holiday Inn	Stevens Point, WI	10,800	8,400	1,000	20,200	149	70
Holiday Inn Express & Janesville Conference Center	Janesville, WI	0	10,000	1,000	11,000	142	138
Holiday Inn Manitowoc	Manitowoc, WI	0	5,100	12,900	18,000	300	51
Kalahari Resort & Convention Center	Wisconsin Dells, WI	0	37,800	25,200	63,000	750	114
KI Convention Center/Hyatt on Main	Green Bay, WI	35,300	24,500(1)	12,900(2)	72,700	241	30
La Crosse Center	La Crosse, WI	77,000	6,700	2,700	86,400	283	172
Lake Lawn Resort	Delevan, WI	0	9,800	15,200	25,000	262	146
Marriott Madison West	Middleton, WI	29,000	9,800	7,300	46,100	292	122
Milwaukee Hilton	Milwaukee, WI	0	13,000	18,700	31,700	704	108
Monona Terrace Community & Convention Center	Madison, WI	37,200	20,400	5,300	62,900	240	106
Olympia Resort & Conference Center	Oconomowoc, WI	10,700	8,000	23,000	41,700	179	98
Potawatomi Casino	Milwaukee, WI	32,000	10,800	10,100(3)	52,900	381(4)	106
Radisson Hotel & Conference Center	Green Bay, WI	0	17,200	10,200	27,400	353	30
Radisson Paper Valley Hotel	**Appleton, WI**	**0**	**13,700**	**20,000**	**33,700**	**390**	**--**
Sheraton Madison	Madison, WI	0	5,300	10,900	16,200	218	106
Sheraton Milwaukee Brookfield Hotel	Brookfield, WI	0	7,100	11,600	18,700	389	100
The Abbey	Lake Geneva, WI	0	13,500	18,300	31,800	334	148
The Osthoff	Elkhart Lake, WI	0	11,100	7,500	18,600	270	45
Waukesha County Expo Center	Waukesha, WI	33,000	0	2,400	35,400	0	98
Wilderness Resort - Glacier Canyon Conf. Center	Wisconsin Dells, WI	0	23,600	6,500	30,100	1,100	114
Wisconsin Center	Milwaukee, WI	188,700	37,500	39,400	265,600	1,210	108
Wisconsin Dells Center	Wisconsin Dells, WI	90,000	0	0	90,000	0	114
Wisconsin Exposition Center	West Allis, WI	198,900	0	3,700	202,600	0	103
Washington County Fair Park & Conference Center	West Bend, WI	47,200	0	5,300	52,500	0	80

Among the 31 competitive and regional convention, conference and exhibition facilities presented in the exhibit on the previous page, a total of approximately 1.6 million square feet of flat floor event space is offered. The reviewed facilities range in size from the 265,600-square foot Wisconsin Center (formerly the Midwest Airlines Center & Delta Center) in downtown Milwaukee, to the Holiday Inn Express & Janesville Conference Center, which incorporates an estimated 11,000 sellable square feet. The Radisson Paper Valley Hotel currently ranks near the median of the competitive/regional facility set with 33,700 total sellable square feet. Approximately half of the identified venues provide some level of dedicated exhibition space—a feature currently lacking among local Fox Cities event facilities. In terms of hotel room count, the Radisson Paper Valley Hotel provides the fifth largest number of guestrooms with 390.

As highlighted in light blue in the exhibit on the previous page, a total of seven facilities are in various stages of planning or construction for significant space additions/enhancements and/or important additions to their headquarter hotel inventory since 2008. Such projects could have important implications on the market for and success of exhibition space in Appleton. Additional detail on each of these projects is presented below.

- Alliant Energy Center – A major expansion and improvement project is being planned for the complex that includes plans to replace existing barns with two new pavilions providing a total of 290,000 square feet of multi-use space. This $24 million project will be funded through various public and private partnerships. Construction is expected to be completed before the 2014 World Dairy Expo in October. Dane County is also considering additional expansions to the Alliant Energy Center exhibition and meeting space offerings as well as the potential addition of new hotel inventory on the grounds. The County is currently in the process of selecting a firm to study the feasibility of this concept.
- Chula Vista – Completed $191 million expansion of the entire resort in 2009 that added a new 80,000-square foot multilevel indoor waterpark, a redesigned 18 hole golf course, a condominium wing, golf villas along the fairways, an outdoor wave pool, riverwalk spanning the entire property, sand volleyball courts, lazy river, new steakhouse, and additional convention/event space.
- KI Convention Center/Hyatt on Main – Groundbreaking for the Center's $23 million expansion project began in December 2013 and will be completed by summer of 2015. The expansion will include a new 24,500-square foot ballroom space and approximately 5,300 square feet of additional breakout meeting space. The majority of the project will be funded by the Brown County hotel room tax revenue. Other funding is provided by a $2 million state grant, and a $2 million naming rights deal with Krueger International (KI) and the City of Green Bay. The expansion is hoped to allow the Green Bay area to host larger national and regional conventions and tradeshows and is expected to bring an additional $4 million dollars annually to the Green Bay area.

- La Crosse Center – Given high occupancy levels at the Center (more than 200 annual events), Center management recently issued a RFP to conduct a feasibility study for a possible expansion of the facility.

- <u>Monona Terrace Community and Convention Center</u> – After completing two feasibility studies, the City of Madison has plans to build a new hotel across from the Center. This will be part of a larger downtown development project known as "Judge Doyle Square". The $200 million project will include a new hotel (with projected 300 to 500 hotel rooms and over 10,000 square feet of meeting space) as well as office, retail, parking and residential space. Contractors and details of the development have not yet been decided, but lack of public support seems to be delaying the project's progress.
- <u>Potawatomi Casino</u> – The property is currently adding a new $150 million hotel that is expected to open in late 2014. The 18-story hotel will include 381 guest rooms, approximately 10,000 square feet of additional meeting space, a restaurant, exercise area and new parking structure. This expansion follows the casino's 2008 expansion that tripled the size of its gaming facilities.
- <u>Wisconsin Center</u> – The Wisconsin Center District Board is currently conducting a study to examine the costs and benefits of expanding the Wisconsin Center in downtown Milwaukee. The analysis will examine the potential costs and benefits of expanding the convention center, how much space should be added, development costs and how it could be funded. It also will include some renderings of a potential expansion.

Further, a total of six competitive and regional venues that were not considered in our previous analysis have been added to further complement the competitive/regional facility analysis. While not representing as high a degree of potential competition as many of the other competitive/regional facilities previously discussed, the following additional venues combine to provide nearly 280,000 sellable square feet of space:

- <u>Potawatomi Casino</u> (52,900 square feet of sellable event space).
- <u>Sheraton Milwaukee Brookfield Hotel</u> (18,700 square feet of sellable event space).
- <u>Waukesha County Expo Center</u> (35,400 square feet of sellable event space).
- <u>Washington County Fair Park & Conference Center</u> (52,500 square feet of sellable event space).
- <u>Wilderness Resort - Glacier Canyon Conference Center</u> (30,100 square feet of sellable event space).
- <u>Wisconsin Dells Center</u> (opened in 2007 and provides 90,000 contiguous square feet of multipurpose space that is frequently utilized in hosting sporting events and a limited number of conventions, tradeshows and public/consumer shows).

Two additional noteworthy convention facility items include:

- <u>Stevens Point</u> – The Ramada Stevens Point (which provided more than 29,000 sellable square feet of event space), has been demolished and is no longer in operation since the completion of our 2008 study.
- <u>Brookfield</u> – A recently completed feasibility study for a proposed new conference center in Brookfield indicated support for approximately 44,000 square feet of sellable meeting, ballroom and multipurpose space.

Industry Trends

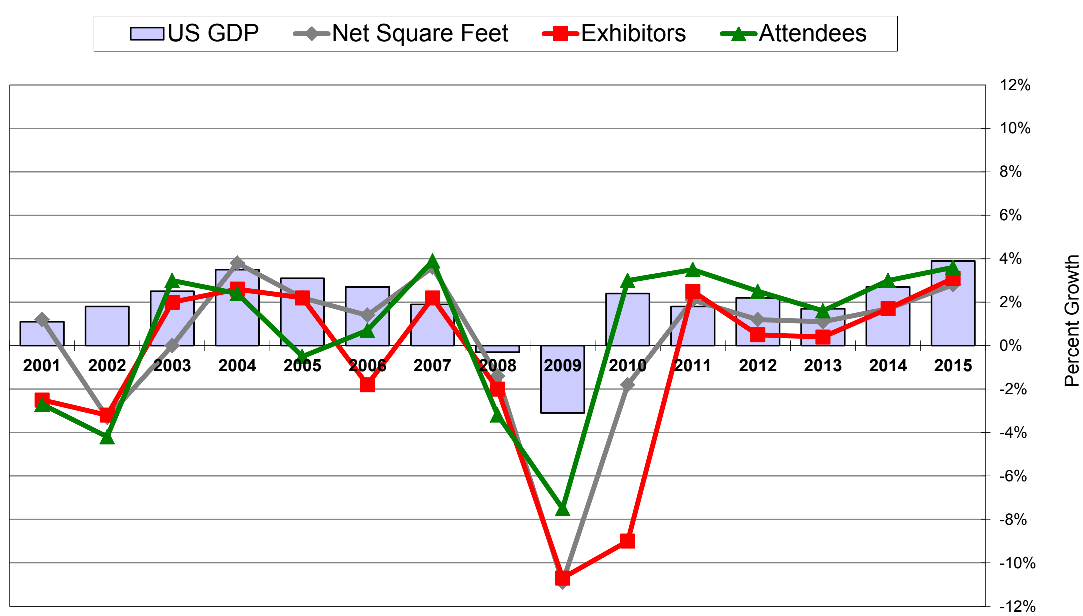
The market success of a convention center can be partially attributed to the characteristics of the industry as a whole. In order to assess the current and future strength of the market with regard to the Fox Cities, it can be useful to consider the industry nationwide. Broad industry changes, characterized by retraction and expansion in convention and tradeshow demand have taken place within the industry during the past decade. After significant decreases in industry demand levels during the recent recession, demand for convention space has grown industry-wide over the past 12 to 18 months.

As we enter 2014, nearly all indicators suggest that the national economy is continuing to recover from a significant recession. A large collection of data suggests that the health of the convention, tradeshow and meetings industry, like nearly all industries, has historically been and is currently linked to the strength and fluctuations of the overall U.S. economy. This "linkage" is a fundamental premise of any analysis of future convention and tradeshow industry performance. To address the question of future industry trends, we need to consider how the future performance of the convention industry will respond in these post recessionary times.

The Center for Exhibition Industry Research (CEIR) is a nonprofit organization whose mission is to advance the growth, awareness and value of exhibitions in the United States. The annual CEIR Index Report is developed to provide an objective measure of the annual performance of the exhibition industry. The CEIR Index Report measures year-over-year changes in key metrics of industry performance. The industry's performance within these metrics was calculated from data provided from over 400 events. The 2013 CEIR Index Report displays and analyzes actual event-specific data from 2001 through 2012 and provides a forecast for 2013 to 2015.

We have prepared a summary of CEIR produced historical and projected performance among three of the four variables listed above, as compared to growth in the U.S. Gross Domestic Product (GDP), for the 15-year period spanning 2001 through 2015.

Trends in Convention & Exhibition Industry Demand



Source: Center for Exhibition Industry Research (CEIR), 2013

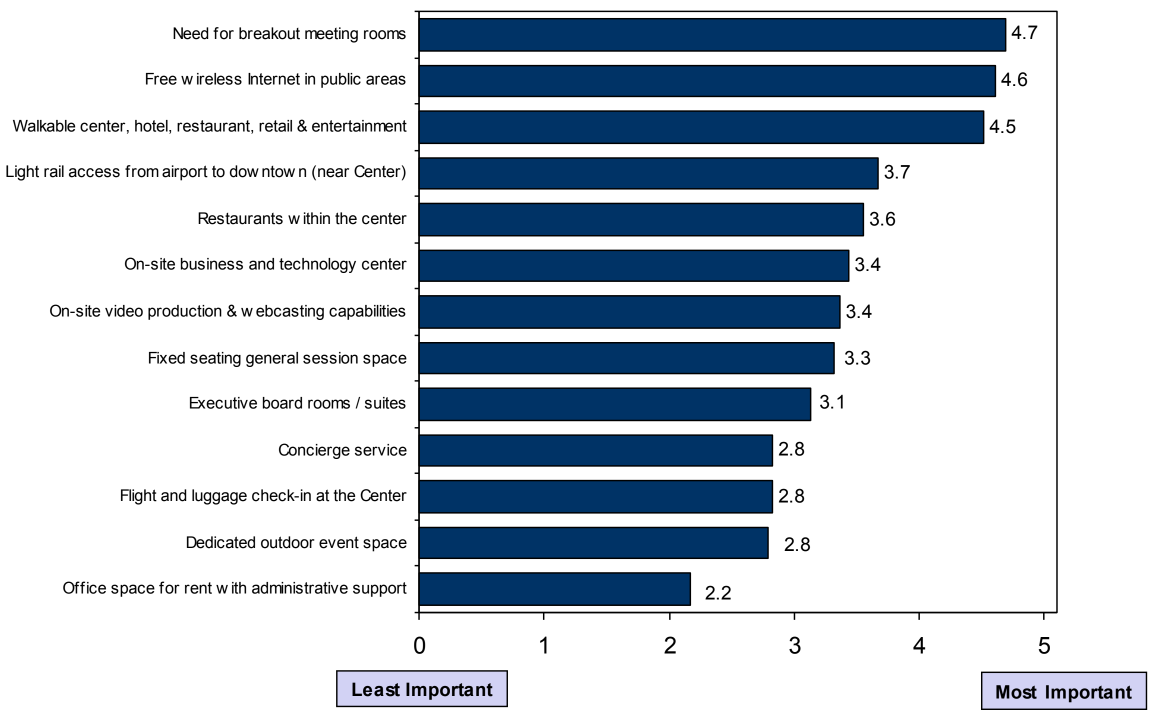
As shown in the exhibit on the previous page, the overall exhibition industry as measured by the CEIR Index experienced a substantial decline in overall performance post 2007. The indices appear to have bottomed out in 2009, during which time the space use showed a 10.9 percent decline and the number of exhibitors fell by an estimated 10.7 percent when compared to 2008. A significant industry rebound took place starting in 2010.

Looking at 2012, the moderate gain in the overall exhibition industry was reflected in all of the metrics of measurement presented. This marks the second year of growth following three consecutive years of decline. CEIR expects the exhibition industry to gain momentum in 2014 and 2015. By 2015, the overall exhibition industry could be expected to grow at a rate of 3.2 percent.

The U.S. economy has continued a trend of moderate growth since 2010, with GDP growing at a rate of 2.2 percent in 2012. Projections for 2013 have the GDP growing at a slower 1.7 percent pace. Improvement is expected over the following two years, with estimated GDP growth of 2.7 percent and 3.9 percent for 2014 and 2015, respectively.

As part of our ongoing research with convention and tradeshow event planners, survey respondents were asked to identify which of several convention center and destination features are expected to increase in importance in the future. Results among 100 survey respondents are presented in the following exhibit.

Convention Center & Destination Features Expected to Increase in Importance in the Future



Note: Data include all organizations interviewed.
Source: CSL Interviews, 2012

As presented above, the need for breakout meeting rooms was viewed as the most pressing need for hosting future events, with an average score of 4.7 (on a scale with "0" being the least important and "5" being the most). Following the breakout rooms in importance was the need for free wireless internet and more attractions within the walkable area surrounding the host facility. Interest in a walkable environment surrounding a center has increased significantly over the past five to ten years.

Throughout the country, public sector investment in convention product development is increasingly targeting both convention facility (bricks/mortar and policies/procedures) and its supporting visitor amenities (hotel, restaurants, entertainment, attractions, etc.)—all geared towards enhancing attractiveness compared to other competitive destinations. Many of the peer destinations of the Fox Cities have expanded or developed new convention centers within the past decade or two. Further, many of these communities have also invested substantial public sector dollars into enhancing the convention product's supporting amenity infrastructure, including incentivizing appropriate headquarter hotel products and entertainment/mixed use districts and infrastructure nearby the convention center.

With respect to the convention and tradeshow industry, however, the practical manifestations for smaller and mid-sized communities of the downturn in the economy should be more limited, as they tend to be more economical and drive-in regional destinations. These types of second/third-tier destinations often have lower costs of living (including lower priced hotels, restaurant meals, taxes, etc.) that become more appealing during hard economic times.

Additionally, it is critical to recognize that every community and destination is unique, and application of blanket industry-wide, macro assessments of convention/meeting supply and demand phenomena do not consider the uniqueness of individual markets. Like nearly everything in a free market society, individual convention centers operate in a "survival of the fittest" environment. Destination appeal is normally the common denominator with successful projects. Convention centers located in the strongest destinations tend to be the most successful, while facilities located in destinations with weak appeal and/or deficient visitor amenities more often struggle or underperform industry averages.

Recognizing that the convention center facility itself is only one piece of a larger puzzle that non-local event planners tend to consider when selecting sites, more and more communities have been focusing on ways to strengthen the appeal of the proximate area surrounding the "box". This often involves comprehensively master planning a mixed-use or entertainment district containing the convention center, whereby an attractive pedestrian-friendly environment is created to welcome convention center attendees, through offerings of restaurants, retail, nightlife, entertainment and attractions. "Connectivity" issues are often addressed that physically and perceptually bring together the district to other nearby attractions and districts. Healthy, vibrant and exciting environs surrounding the convention center are normally viewed very attractively by event planners and can provide important advantages in marketing a destination and its convention center.

Market Demand Update

The purpose of this step was to develop primary industry market research specific to Appleton and the Fox Cities. Building on our 2008 analysis, we re-tested the market for potential users of the proposed Fox Cities convention center product (Exhibition Center and Radisson hotel and conference space) by contacting many of the same organizations that were included in the initial feasibility study (a sample that included local, state and regional events). As detailed on the following pages, the focus of this effort was on changes in potential organization/event interest and associated facility/destination requirements since the last market surveys were completed in 2008. Telephone interviews were completed from a random sampling of 30 of the 100 organizations originally surveyed during the 2008 feasibility study. These surveys provided detailed data associated with nearly 50 rotating conventions, conference and tradeshows.

Initially, in an effort to gauge familiarity with the Fox Cities/Appleton market, survey respondents were asked whether or not they have utilized Fox Cities event facilities to host their event(s). Based on current research, an estimated 48 percent of the market has hosted one or more events in Fox Cities. Among those that have brought events to the market, more than 71 percent occupied space within the Radisson

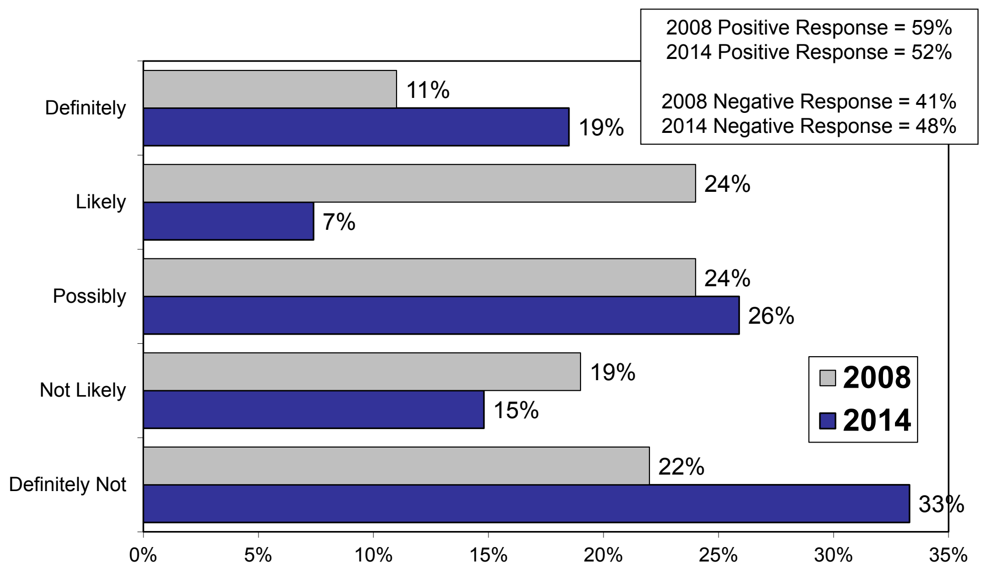
Paper Valley Hotel. This far outranks all other local facilities noted (which include Country Inn Suites, Holiday Inn and Liberty Hall Banquet and Conference Center).

In 2008, approximately 57 percent of respondents indicated that they have never held an event in the Fox Cities area. Of the 43 percent that have held an event in the market, 70 percent held their event at the Radisson Paper Valley. Overall, we note very little change with regard to past use of Fox Cities event facilities over the past several years.

Likelihood of Utilizing a New Convention Center in Fox Cities

State and regional organization planners were asked to indicate the likelihood of their organization using a Fox Cities convention center. Importantly, during this current survey, the proposed convention center product (Exhibition Center and Radisson hotel and conference space) was more fully defined for survey respondents, rather than the more general "new convention center in Appleton" description that was necessary to be given during the 2008 survey. Responses related to those surveyed in 2008 and 2014 are presented in the exhibit below.

Telephone Survey – Likelihood of Utilizing a New Fox Cities Convention Center (2008 & 2014)



Source: CSL State & Regional Organization Survey, 2014.

Based on current survey results, the overall positive response rate for a new Center was 52 percent. Specifically, 19 percent indicated their group would "definitely" hold an event in Fox Cities, seven percent "likely," 26 percent "possibly," 15 percent "not likely," and 33 percent "definitely not."

When compared to data collected in our 2008 research, the overall positive response rate has decreased by seven percentage points. The rate of those expressing a definite interest in the market decreased from 11 percent to 19 percent. Conversely, the rate of organizations indicating that they are definitely not interested in the market increased by 11 percentage points and now includes approximately one-third of the potential event market. This polarization of survey responses was more or less anticipated, as more definition/clarity was given about the specific subject property, its location, supporting hotel package, along with further definition to in-state competitive facility supply (Green Bay and Oshkosh, in particular).

It is noteworthy that, despite the decrease in the overall positive response between 2008 and 2014, the calculated "strength of interest ratio" effectively remained unchanged (2.78 in 2008 and 2.77 in 2014). The strength of interest ratio is a formula that applies a weighting system to positive responses to better represent the likelihood of attracting/converting events. The highest weight is applied to a "definitely use" response, while the lowest weight is applied to a "possibly use" response. The weighted effect of the pick-up in the "definitely use" category (in the 2014 survey compared to the 2008 survey) largely offset the larger cumulative percentage losses in the "likely" and "possibly" categories.

We have also looked at results on an organization-by-organization basis, tracking changes in their interest in hosting a future event in Fox Cities over the past seven years. Interest levels were unchanged among approximately 37 percent of those surveyed in both 2008 and 2014. Twenty-two percent of respondents increased their interest in using a new Fox Cities Center. Eleven organizations, or approximately 41 percent of those surveyed, indicated lower likelihood of using a new Fox Cities Center. Many of those events that changed from a positive response in 2008 to a negative response in 2014 did so because they indicated being committed to another location in Wisconsin (e.g., Wisconsin Dells, Madison) for the foreseeable future.

Impact of the KI Convention Center Expansion (Green Bay)

As noted earlier, the KI Convention Center in Green Bay is currently expanding—essentially doubling its amount of sellable convention space. Located approximately 30 miles from the Radisson Paper Valley Hotel, this project could have significant implications on new convention space in Appleton. As such, survey respondents were asked to comment on how they expect this development in Green Bay to affect their interest in a new convention center in Appleton.

Approximately 77 percent of those surveyed indicated that they expect the additional space in Green Bay to have no affect or impact on their interest in a new convention center in Appleton. The remaining 23 percent are perhaps less interested or would less frequently hold an event in Appleton.

Several organizations would not consider using the KI Convention Center. Examples of such responses include the following:

- "Our board wants to host event at KI since it's more high profile, but it is more expensive and too big for our event so Appleton is a more realistic option."
- "We prefer hotels to convention centers."
- "Do not need space that large."

Some groups consider the KI Convention Center a competitor to the Fox Cities market. Comments collected included:

- "Space isn't an issue at Green Bay while it is still a concern with Appleton."
- "We would consider Green Bay as an option, so it would be a competitor."

Other organizations do not have all their needs met by the current KI Center, as detailed below.

- "We are currently holding our event at the KI Convention Center, but they can't quite accommodate all of our space needs and hotel requirements. We would like banquet halls and classroom facilities that are located near the exhibit area."
- "The KI Convention Center does not have enough nearby hotel space to accommodate us."

Characteristics of Fox Cities Event Demand

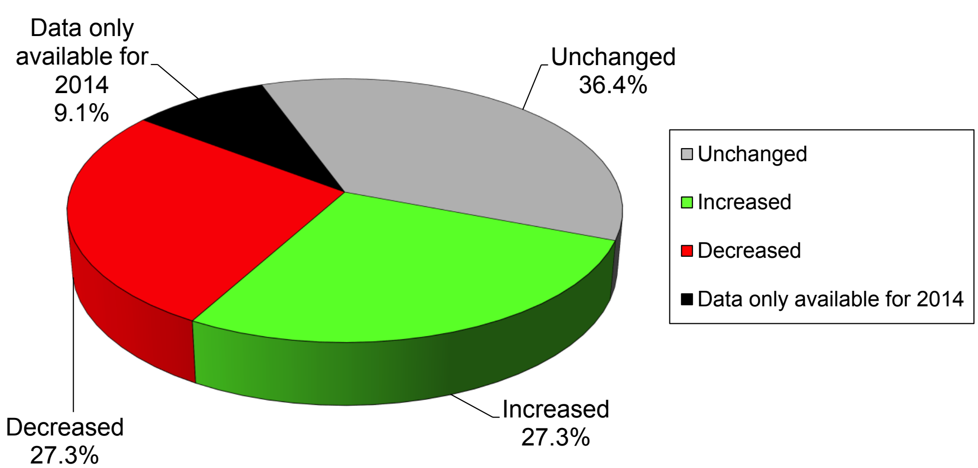
The survey instrument included a number of questions that asked event planners to provide information regarding specific facility usage characteristics, in terms of event length, square footage requirements by type of event space and other important measures of demand. We have approached this research with a focus of comparing current demand with findings of our 2008 analysis. Results are presented below and on the following pages.

- In 2008, we found that the average number of days the facility would be used, per event, among those expressing a positive interest in Fox Cities was 3.9 days. This compares to a total of 2.9 days among interested event in 2014. This trend is representative of what we have found to be the case in a number of markets throughout the country, given recent economic conditions.
- Approximately 86 percent of planners surveyed in 2014 responded that their event requires exhibit space. This compares to 66 percent of planners requiring such space in our 2008 analysis. While this may suggest that a traditional exhibit hall is a necessary component for a facility in Appleton, it is our experience that many groups use ballroom or other multipurpose space to fulfill their exhibition space needs.
- Planners were asked if they require a traditional, concrete floor exhibition space to accommodate exhibits or if ballroom or other carpeted multipurpose space would suffice. In our 2014 survey, 100 percent of respondents indicated that ballroom space would suffice for their exhibit space needs, and many said they required or preferred a ballroom space for their exhibits. When compared to our 2008 survey results, it becomes apparent that such flexibility seems to have increased in recent years.

The following exhibit presents a comparison of exhibit space needs among potential users of the proposed Fox Cities Center that were surveyed in both 2008 and 2014.

Telephone Survey – Total Exhibit Space Required (2008 & 2014)

2008 Average – 18,300 sq. ft. 2014 Average – 16,600 sq. ft. 2008-2014: Nearly 1,800 sq. ft. (9.8%) decrease	2008 Median – 12,500 sq. ft. 2014 Median – 8,500 sq. ft. 2008-2014: 4,000 sq. ft. (32%) decrease



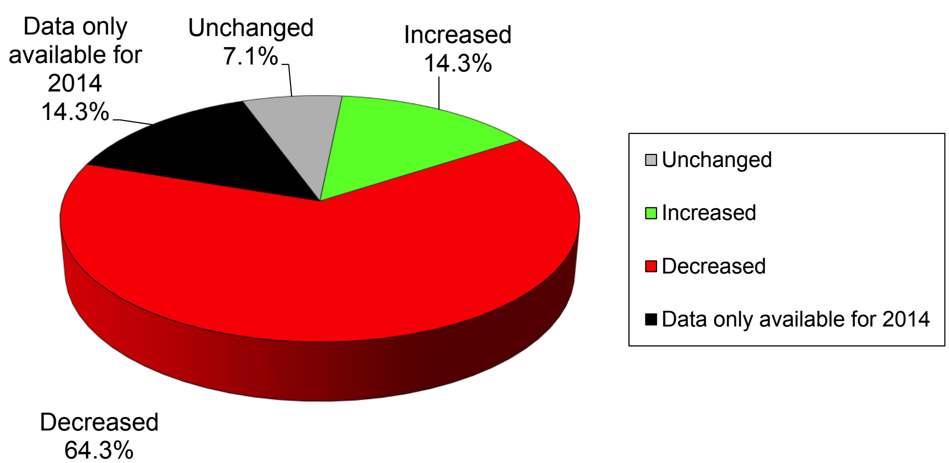
Note: Of those respondents with a positive interest in Fox Cities. Average and median only reflect respondents requiring exhibit space.
Source: CSL State & Regional Organization Survey, 2014.

As presented on the previous page, exhibit space needs decreased by an average of nearly 1,800 square feet between 2008 and 2014. Overall, equal numbers of groups either increased or decreased their exhibit space requirements. Approximately 36 percent of organizations indicated that the square footage of exhibit space is unchanged from 2008. The trend of groups reducing their space needs (often based on decreased attendance levels and/or a smaller exhibitor base) is a characteristic that has been common within the industry in recent years given the downturn in the economy. As presented earlier in this report, as conditions continue to improve, it is plausible that this trend may reverse and space needs could increase in the future.

State and regional organization event planners were also asked to estimate the average meeting space levels for their events.

Telephone Survey – Total Meeting Space Required (2008 & 2014)

2008 Average – 11,800 sq. ft. 2014 Average – 9,200 sq. ft. 2008-2014: Nearly 2,600 sq. ft. (22%) decrease	2008 Median – 5,900 sq. ft. 2014 Median – 5,300 sq. ft. 2008-2014: 700 sq. ft. (11.9%) decrease



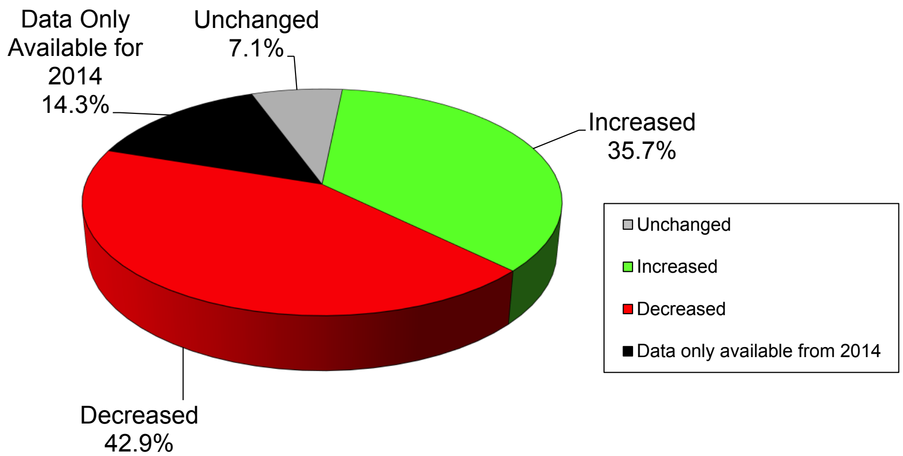
Note: Of those respondents with a positive interest in Fox Cities. Average and median only reflect respondents requiring meeting space.
Source: CSL State & Regional Organization Survey, 2014.

Similar to the phenomenon noted with regard to exhibit space needs, demand for breakout meeting space has declined from an average of 11,800 square feet (in 2008) to an estimated 9,200 square feet (in 2014). Sixty-four percent of the organizations interviewed in both 2008 and 2014 recorded a need for less space over the period.

All of the organizations interviewed in 2014 indicated that their event requires some level of upscale event space suitable for hosting general sessions, food and beverage functions, lectures and other such gatherings. Similar results were recorded in 2008 (when 96 percent cited the need for such space). Those expressing a potential interest in the Appleton market were also asked to estimate the average amount of ballroom space used for their events. The exhibit on the following page displays the estimated ballroom space needs among organizations interviewed in both 2008 and 2014.

Telephone Survey – Total Ballroom Space Required (2008 & 2014)

2008 Average – 3,500 sq. ft. 2014 Average – 3,500 sq. ft. 2008-2014: Unchanged	2008 Median – 2,700 sq. ft. 2014 Median – 2,500 sq. ft. 2008-2014: 200 sq. ft. (7.4%) decrease



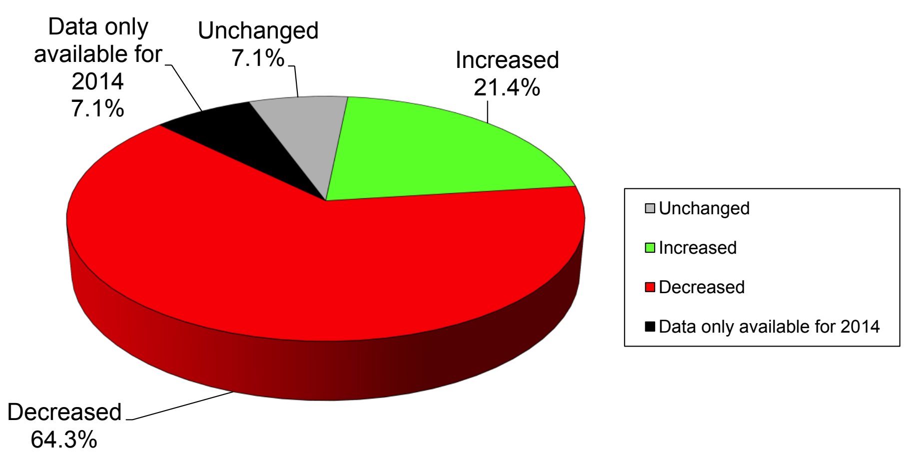
Note: Of those respondents with a positive interest in Fox Cities. Average and median only reflect respondents requiring ballroom space.
Source: CSL State & Regional Organization Survey, 2014.

At 3,500 square feet, average ballroom space needs among the state/regional events surveyed in both 2008 and 2014 have remained relatively constant over the past several years. Approximately 43 percent of interested organizations have decreased their ballroom space needs, while 36 percent have increased.

Event planners were also asked to estimate the average delegate attendance levels for their events. These figures exclude spouses and guests of the event's delegates. Responses among those surveyed in 2008 and 2014 are summarized in below.

Telephone Survey – Total Delegate Attendance (2008 & 2014)

2008 Average – 609 attendees 2014 Average – 426 attendees 2008-2014: 183 (30%) attendee decrease	2008 Median – 250 attendees 2014 Median – 285 attendees 2008-2014: 35 (14%) attendee increase



Note: Of those respondents with a positive interest in Fox Cities.
Source: CSL State & Regional Organization Survey, 2014.

Attendance levels have decreased among nearly two-thirds of those contacted. On average, attendance has dropped by 30 percent, from more than 600 in 2008 to approximately 426 in 2014. Slightly more than 20 percent of the state and regional organizations experienced increases in their attendance over the seven year period.

The surrounding inventory of quality hotel rooms can often be an important factor in site selection among event planners. As noted earlier in this report, several competitive destinations have or are planning on expanding and/or improving their hotel inventory in an effort to improve their overall convention product. As such, our analysis also considered the number of hotels that interested organizations would be willing to use to meet their hotel room block needs.

As noted in our 2008 analysis, 56 percent of the state and regional organization market would only be willing to use a single hotel to meet their hotel demand. Approximately 71 percent of those interviewed in 2014 expressed a desire to keep their room block within one hotel.

In terms of peak night room blocks, overall needs were relatively unchanged at approximately 160 rooms. Considering that the Radisson Paper Valley Hotel provides 390 total rooms, the 160 rooms necessary to meet the demand of an average state and regional event amount to slightly more than 40 percent of the property's total available room inventory.

Survey respondents that were familiar with the Appleton market were asked to provide open-ended feedback relative to the Radisson Paper Valley Hotel and its ability to serve as a headquarter hotel for their event(s). A sample of the comments collected is presented below.

- "It is tired and needs to be updated."
- "The Radisson doesn't need overall renovation, just a few updates."
- "Some rooms could use updates. It provides great service."
- "We've been impressed with huge space that the property offers and the quality of the guestrooms."
- "Despite small renovations here and there over the years, it is clearly an older era hotel and always will be…it's been fine for our group, but as new headquarters hotels continue to be built around the state, the disparity between the Radisson and other cities' products will continue to widen."
- "The food was good."
- "We liked the small meeting rooms."
- "All the rooms need to be renovated and be of consistent quality throughout."
- "It's an older property that isn't the top brand that our group looks for….Hyatt, Hilton, Marriott, Westin are hotel flags that are better fits for us."
- "Everything from the lobby to the rooms feels pretty dated…if an expensive convention facility is built and attached to it, it will be really important to put some money into hotel improvements as well."
- "Service was quite good when we were there last."
- "Location right in the core of downtown is great…adding more attached convention space would be welcomed."
- "How will booking priorities, rates and discounts for the new convention facility be structured? Will the Radisson control everything, set rates and decide who can use it?"

State and regional organizations surveyed were also asked to comment on their requirements or preferences regarding the convention center itself, in terms of its potential space, service and amenity offerings. Important requirements and suggestions that have been noted among interested event planners included the following:

- A/V knowledgeable staff to help on event day.
- Easy geographical access and low cost.
- Overhead doors to bring vehicles in/out.
- Upscale, updated hotel.
- Indoor access to event space.
- Good catering service.
- Projection capabilities from the ceiling.
- Contiguous exhibit areas.
- Free or low-cost Wi-Fi.
- Destination that will draw attendees.
- Preference for having the banquet hall and meeting rooms located near the exhibit space in an effort to help promote exhibitors.

Event Levels and Economic Impact

Based on the updated market analysis, event/use estimates and associated economic impacts were revised. Key information pertaining to the methods employed and assumptions used are detailed in the 2008 study, and should be referred to when interpreting the information provided within this summary document.

Key assumptions that are noteworthy and relevant to this updated analysis include the following:

- Scenario 1 (in the 2008 study) is the appropriate scenario to consider when comparing figures contained herein, as it relates to the public/private partnership model with the Radisson.
- Center space levels, program and design will be consistent with current project documents, including the assumption that carpet will be installed on the exhibition hall floor for the majority of available calendar days (this is inconsistent with 2008 study assumptions).
- The Radisson will operate the Center under a contract that offers little guidance or constraints relating to asset deployment and management, but burdens them with property tax responsibility (these items are inconsistent with 2008 study assumptions).
- Economic impact figures are presented in 2014 dollars (including figures referenced from the 2008 study, which have been inflated to current dollars).

The second and third bullets above will have important implications on the likely event mix that will be realized at the Center, along with the associated economic impacts. The 2008 feasibility study outlined three differentiated areas of sellable event space as market supportable—exhibition, ballroom, and breakout meting space. The projections previously developed assumed a traditional composition of these spaces, entailing concrete floor exhibition space and carpeted ballroom and breakout meeting space. A carpeted exhibit hall would very likely be of the most interest to the Radisson, as more upscale, subdividable space normally generates higher profit per square foot (than more industrial, concrete floor space). Even if the carpet was portable, the labor, cost and time involved with moving carpet in and out would be expected to be undesirable in most cases; therefore, the expectation—in lieu of any guidance set forth in the management agreement—would be that the Radisson would elect to keep the carpet installed most of the time. This along with the assumed lack of incentives and/or event target guidance in the management agreement will likely shift the event mix/attraction/accommodation away from certain heavier trade, consumer, expo and special events that were assumed in the 2008 study. Similarly, many larger events (non-local and local) have longer move-in and move-out periods when attendance and room nights are low. Without specific guidance, all else equal, the Radisson may determine it is more profitable to instead run many smaller events through the space and its hotel, as opposed to some of the larger conventions and tradeshows that were estimated under the 2008 study. Some of these lost larger events would be those that would be expected to drive new hotel room nights to other hotels beyond the Radisson itself.

An analysis was conducted to update estimated event and utilization levels associated with a potential new convention product in the Fox Cities for a stabilized year. The following exhibit presents a summary of the number of events, event days, utilization days, delegate days, non-local overnight days, non-local daytrip days and local delegate days were estimated for a stabilized year of operation under the 2008 feasibility study and the figures associated with the 2014 updated analysis outlined herein.

Estimated Utilization Levels for a Potential New Fox Cities Convention Center (stabilized year)

	Number of Events	Event Days	Utilization Days	Delegate Days	Non-local Overnight Days	Non-local Daytrip Days	Local Delegate Days
2008 STUDY							
Conv/Tradeshow (with exhibits)	22	55	114	24,750	21,161	2,351	1,238
Conv/Conf (without exhibits)	20	46	76	11,500	9,315	1,035	1,150
Public/Consumer Shows	15	38	78	75,000	3,000	12,000	60,000
Meetings/Banquets/Receptions	350	350	385	52,500	5,250	5,250	42,000
Other Events	30	36	63	25,200	3,780	3,780	17,640
Total	437	525	716	188,950	42,506	24,416	122,028
2014 UPDATE							
Conv/Tradeshow (with exhibits)	12	30	62	12,000	10,260	1,140	600
Conv/Conf (without exhibits)	25	58	95	13,225	10,712	1,190	1,323
Public/Consumer Shows	8	20	42	40,000	1,600	6,400	32,000
Meetings/Banquets/Receptions	350	350	385	52,500	5,250	5,250	42,000
Other Events	25	30	53	22,500	3,375	3,375	15,750
Total	420	488	637	140,225	31,197	17,355	91,673
Difference							
Conv/Tradeshow (with exhibits)	(10)	(25)	(52)	(12,750)	(10,901)	(1,211)	(638)
Conv/Conf (without exhibits)	5	12	19	1,725	1,397	155	173
Public/Consumer Shows	(7)	(18)	(36)	(35,000)	(1,400)	(5,600)	(28,000)
Meetings/Banquets/Receptions	0	0	0	0	0	0	0
Other Events	(5)	(6)	(11)	(2,700)	(405)	(405)	(1,890)
Total	(17)	(37)	(80)	(48,725)	(11,309)	(7,061)	(30,355)

As shown above, the mix of convention center events is estimated to differ somewhat from those estimated in the 2008 study (for reasons previously outlined throughout this report).

The following exhibit summarizes the net new (i.e., is not presently occurring in the Fox Cities with existing facilities) annual economic impacts within Fox Cities associated with estimated levels of potential event activity, as estimated under the 2008 feasibility study and those updated for this analysis.

Summary Comparison of Estimated Economic Impacts (2008 study vs. 2014 update)

	2008 STUDY (2014 dollars)	2014 UPDATE (2014 dollars)	Difference
Room Nights Generated			
Room Nights	37,296	27,268	(10,028)
Room Nights (NET NEW)	18,648	13,634	(5,014)
Economic Impacts (Non-locals)			
Direct Spending	$11,632,989	$8,061,300	($3,571,689)
Indirect/Induced Spending	6,979,793	4,836,780	(2,143,013)
Total Output	$18,612,782	$12,898,080	($5,714,702)
Personal Income (Earnings)	$8,143,092	$5,642,910	($2,500,182)
Employment (full and part-time jobs)	284	218	(66)
Economic Impacts (Non-locals, NET NEW)			
Direct Spending	$5,816,494	$4,030,650	($1,785,844)
Indirect/Induced Spending	3,489,897	2,418,390	(1,071,507)
Total Output	$9,306,391	$6,449,040	($2,857,351)
Personal Income (Earnings)	$4,071,546	$2,821,455	($1,250,091)
Employment (full and part-time jobs)	142	109	(33)

As presented in the exhibit, estimated total net new room nights for Fox Cities is estimated to drop slightly from the 2008 study, but still remain significant at nearly 14,000 incremental room nights annually. Total net new economic output (direct, indirect and induced spending) is estimated to total approximately $6.5 million per annum (upon stabilization of operations, presented in 2014 dollars).

Conclusions and Additional Planning Steps

In cities of all sizes throughout the country, a convention center acts as an economic generator and a public resource for the local community, hosting conventions, conferences, tradeshows, public/consumer shows, meetings, civic events and other activities of both a non-local and local nature. An important goal of a convention center is to attract non-local events to the local area that otherwise cannot be accommodated by other existing local facilities, providing increased visitation and related economic impact in the local area. Much of the quantifiable economic impacts and non-quantifiable benefits the convention center provides in any local community and to its residents would not be possible if it were not for the initial (and, oftentimes, ongoing) investment by the public sector.

Many peer destinations of the Fox Cities have expanded or developed new public sector-owned convention centers within the past decade or two. Further, many of these communities have also invested substantial public sector dollars into enhancing the convention product's supporting amenity infrastructure, including incentivizing appropriate headquarter hotel products and entertainment/mixed use districts and infrastructure nearby the convention center. Ideally leveraging private sector dollars when possible, all this investment is geared towards enhancing the attractiveness of the destination and its infrastructure in order to better compete for economic impact-generating events and visitation.

Key findings, conclusions and recommendations include:

- **Project remains viable from market, financial and economic perspectives.** The proposed Fox Cities Center remains feasible from market, financial and economic perspectives, particularly given advantages (in terms of return-on-investment for both the parties—public sector and private sector) provided by the proposed public/private partnership with the Radisson. If the public sector had to fully fund the development and annual operation of a larger, stand-alone convention center itself, the cost/benefit calculation would be much different—and the feasibility might be more debatable. The benefit-to-cost ratio calculated for this project is more attractive than that calculated for an industry typical project—primarily due to the project's ability to leverage an appropriate, existing private sector asset (i.e., Radisson).
- **Significant new economic impacts will be generated.** While estimations of economic impact associated with the operation of the Center with the Fox Cities are slightly lower than previously estimated in the 2008 feasibility study, they remain substantial—estimated to total approximately $6.5 million in annual economic output (direct, indirect and induced spending—upon stabilization of operations, in 2014 dollars). Over a 15-year timeframe, this activity accumulates to nearly $100 million in total net new economic impact for the Fox Cities.
- **Modest market demand changes, with continued industry-wide recovery.** The updated research and analysis conducted suggests small to modest changes to the convention, conference and tradeshow market for a Fox Cities convention center product. An analysis of competition and surveys of potential convention groups suggest market demand that is slightly lower than estimated under the 2008 feasibility study (including some reductions in average group space requirements and expected attendance; however, it is believed that many groups are still lagging in attendance recovery from reductions experienced during the recession). Competition from the expanded KI Convention Center in Green Bay will affect convention attraction in the Fox Cities. The several-year economic recession beginning in 2008 negatively affected a multitude of demographic and convention market demand factors in the Fox Cities and throughout the country; however, it is important to note that convention industry impacts normally lag conditions in the overall economy. Therefore, industry statistics and Fox Cities survey data measured for the initial 2008 study reflected the market prior to the overall economic downturn. Industry and local metrics over the past several years continue to signal recovery—albeit slow, cautious growth. In many communities around the country, by this point, market demand appears to have recovered to pre-recession levels. The latest collection of industry indicators suggest that modest year-over-year demand growth will occur industry-wide for the foreseeable future. More than 40 years of industry metrics support continued industry demand growth from a long-term perspective—the need for people and organizations to meet face-to-face for business and social reasons will not go away.
- **Recommendations.** In conclusion, the updated analysis suggests that a market remains for the project, and its benefit-to-cost ratio calculates favorably relative to industry standards. However, certain steps should be taken, if the project is pursued, to improve key elements of the project, its funding, operation and stakeholder roles/responsibilities. The following strategies and recommendations have been developed for the purpose of enhancing the planning process and protecting public sector interests, as informed by industry best practices.
    1. **Strengthen public sector involvement, direction and oversight.** For public/private partnerships involving convention facilities in destinations the size of the Fox Cities, City or County government normally takes the funding and advocacy lead in project implementation and oversight (as stewards of the public sector investment), while the hotel is the single private partner. In this case, the independent corporation is

attempting to serve a role that is normally better served by municipal government. The corporate (particularly nonprofit) model can work well with certain types of event facilities (such as performing arts centers), but can have limitations when employed under other event facility models (such as convention centers). Under the present model, the Center would be subject to property taxes—atypical for convention facility projects of this nature industry-wide. Even at the relatively low levels proposed for the initial years, the property tax issue will effectively be a burden on any future sale of the hotel and will likely negatively affect future hotel valuation. To conform with industry best practices, the City of Appleton would be the logical public sector entity to have Center ownership and oversight.

2. **Reach a decision on site and project scope.** Key project elements appear to remain in flux, including the availability of the originally-envisioned County site, other adjacent sites, and whether the building program should grow or shrink depending on budgetary limitations or desired functionality. It will be critical that the Center be physically attached to the Radisson (in an appropriate, functional way as presently programmed) and the new event space is not stacked or fragmented inappropriately; however, this could theoretically allow for consideration of an alternate site on the opposite side of the Radisson, to its north. Project costs will need to be refined at this point.

3. **Finalize a funding plan and secure commitments from all funding partners.** Increased City leadership would also assist to this end. If the funding plan involves revenue from new and/or reallocated hotel taxes in multiple municipalities, some form of binding or non-binding commitment should be solicited and secured. Involving other types of projects that would benefit and would be appealing to taxpayers (e.g., sports complexes) under the same funding structure can serve to increase the base of support.

4. **Significantly enhance the management agreement.** Provide stronger and more explicit guidance to the operator concerning mission, goals/objectives, targeted/desired business, booking priorities and policies, rates, discounting, CVB coordination/collaboration, dispute resolution, service/product quality, hotel room blocks and rates, and other such items. Each of these is intended to better protect the public sector's investment in the project and to maximize the intended return-on-investment. The contracted operator may request/require some type of financial offset (over previously discussed terms) in exchange for its likely perception of some loss of flexibility and leverage as a result. However, this guidance will work in the long-term best interests of all involved parties to optimize collaboration, consensus, efficiency and effectiveness.

If requested, CSL could assist with the implementation/execution of any of the aforementioned recommendations, through undertaking the following tasks:

- Review relevant agreements associated with comparable convention center projects under similar public/private partnership models. These agreements may include Development Agreements, Hotel Room Block Agreements, Management Agreements, Marketing Agreements, Food Service and other service provider agreements, etc. Identify a best practices approach that is relevant for the Fox Cities, the proposed Center, the involved stakeholders, and the agreements already in place and/or proposed.
- Evaluate, refine and/or negotiate a final funding scheme for the project, with a focus on both industry best practices as well as specific opportunities present in Appleton, the Fox Cities and within Wisconsin.
- Assist in developing, reviewing, negotiating and revising draft and final agreement documents associated with the convention center, hotel, CVB, government and other relevant participants.

- Assist in reviewing alternate site, programmatic and design options related to the Center, hotel improvements/connectivity (if applicable), and other project elements upon their development and refinement.
- Develop additional research and analysis, as needed throughout the planning process, including those related to updated financial operating analysis, funding/financing issues, market capture, attendance, utilization, occupancy, economic/tax impacts, etc.
- As needed, research and discuss with stakeholders key issues related to best practices and industry benchmarking relative to "business planning" aspects for the convention center and in terms of best positioning coordination and collaboration among parties. This could include staffing levels/roles/responsibilities, operating policies/procedures, mission statements, sales/marketing plan, provision of services by functional area/department (i.e., in-house vs. exclusive contract vs. preferred vs. open-vendor, etc.), reporting format and procedures, and other such items.
- Assistance in developing key policies and produces to be employed at the convention center (i.e., space/equipment/service rental rates, booking policies, discounting policies, sustainability issues, exhibitor and meeting planner guides, etc.).