

FOX CITIES TOURISM DEVELOPMENT GRANT

Application by

FOX CITIES EXHIBITION CENTER, INC.

to



Fox Cities Convention & Visitors Bureau

3433 W. College Ave., Appleton, WI 54914

(920) 734-3358

www.foxcities.org

DECEMBER 6, 2011

The Fox Cities Convention & Visitors Bureau accepts grant applications for capital costs related to development of Fox Cities visitor attractions and amenities.

Capital Development grants may not be used for operating expenses, annual fund drives, endowment funds, reimbursement of previously incurred expenses, marketing or research, travel or expenses typically considered to be overhead.

Please complete all sections of this form.

1. Name of applicant organization: City of Appleton in support of the FOX CITIES EXHIBITION CENTER (the Exhibition Center).

Amount of Capital Development Grant requested: \$250,000 to cover CVB requested architectural and design support and related items for the proposed Fox Cities Exhibition Center.

Business/organization type (check all that apply):

XCorporation (the Exhibition Center): Partnership: Sole Proprietorship: XNon-Profit (the City of Appleton):

The Exhibition Center is a non-stock corporation incorporated by the State of Wisconsin. Due to the single non-charitable or educational use of the facility, the Exhibition Center does not qualify as a 501-c-3 organization. The City of Appleton is tax-exempt and, as noted, supports the Exhibition Center in receipt of this grant funding. The city is providing a bridge opportunity as the Fox Cities Exhibition Center Inc. explores an application for 501-c-4 status.

Person in Charge of Project:

Karen Harkness, Director
Community Development Dept., City of Appleton
Address: 100 North Appleton Street
City: Appleton State: WI Zip Code: 54911
Office: (920) 832-6468
Cell: (920) 209-9520
Email: karen.harkness@appleton.org

Walter Rugland, Chair of the Board of the Exhibition Center.
Address: 100 W Lawrence St
City: Appleton State: WI Zip Code: 54911
Daytime phone: 830-9999
Email: waltrug@new,rr.com

2. Legal organization name: City of Appleton and Fox Cities Exhibition Center, Inc

Exhibition Center CEO: none as the Exhibition Center Board and Officers are all volunteers

Address: 100 W Lawrence St
City: Appleton State: WI Zip Code: 54911
Daytime phone: 830-9999
Number of Employees: none
Employer's Identification Number: State: Applied for Federal: 45 3341511

Purpose of Exhibition Center Organization: The Fox Cities Exhibition Center, Inc., has been established for the specific purpose of planning and constructing an Exhibition Center as outlined in the Convention Center Community Coalition (the Coalition) Report of Dec. 2, 2010. When the Exhibition Center is open, the Fox Cities will be positioned to compete for regional convention, conference and trade show gatherings. The Coalition report may be found on the Exhibition Center web site www.FCExhibitionCenter.com, click on resources.

SIC Code(s): 8999 IRS Code: 54990 (City of Appleton)

3. May we contact your attorney? City: Yes; Exhibition Center: None to contact
Your Accountant? City: Yes; Exhibition Center: None to contact

Note: the Exhibition Center has no retained general professional advisors. All support of the Exhibition Center project has been provided pro bono as needed. No professional fees have been incurred.

4. PROJECT ARCHITECT:

Name: In the planned scenario, Boldt will be the Architect-of-Record and will manage the overall design.

As part of the design/build process, and as requested by the CVB, an architectural consulting team has been retained to assist with the programming, conceptual and schematic phases to provide input and experience from the standpoint of exhibition and convention center design. The architectural consulting team will have input on space programming, space configuration, layout, exterior/interior aesthetics, etc. Boldt will use a design build approach. Boldt's expertise and responsibility is to design to budget and build to budget. The criteria used to select the architectural consulting team focused on previous considerable experience with designing conference center complexes. The Requested grant will cover \$250,000 of costs associated with preliminary design including that provided by the architectural consulting team.

5. CONSTRUCTION CONTRACTOR:

Name: Boldt. Boldt will be Construction Manager.

6. Grant Project Title: Exhibition Center Design Support

Grant Project Start date: January 2012 Grant Project Completion Date: May 2012

Total Cost of Grant: \$250,000

Note: The requested grant is for design work to be completed between January 2012 and May 2012 for the Exhibition Center construction project as indicated below.

Construction Project Title: Fox Cities Exhibition Center

Construction Project Start Date: When funding package is complete; est. Summer 2012 Project Completion Date: 2014

Total Cost of Construction Project: \$20,000,000 estimated. This is the target for fund raising based on conceptual design.

7. Give a detailed description of the project, including answers to the following questions: The following answer the questions in the context of the larger Exhibition Center project. . The grant application is for design support to insure the appropriate layout, and amenities thus maximizing the opportunity for success and to get the project off the ground.

- What will it look like? Final design of the Exhibition Center will be determined with funds available from the proposed grant. Conceptual design is driven by results of the 2008 CVB funded feasibility study and the 2010 Coalition analysis as well as further discussions with meeting planners, the Radisson management, additional hoteliers, Outagamie County and several municipalities including the City of Appleton and the Town of Grand Chute. Concept design has been prepared for costing.

Final design will reflect advice from consulting designers and community stakeholders and will be based on the results of overall funding efforts. Key design components are a 30,000 square foot exhibit hall 24 feet high ceiling without columns, 9,000 square foot gathering area with glass overlook of Jones Park, extensive storage, inviting entry from Lawrence Street, pedestrian friendly sky-bridge from the Radisson, drive-in access for exhibitors, together with an overall 'wow" factor in design.

- What will a visitor experience when there? The importance of a gathering space is emphasized by a window wall overlooking Jones Park creating the visitor “wow” experience. The overall structure will have ample room to support market characteristics for networking, exhibits, trade shows and large formal gatherings.
- How long will a visitor spend there? Visitors will spend varying time in the hall depending on the purpose of the visit. For tradeshow there will be extensive visits. For conventions the visit will be split between the Exhibition Center and the other facilities of the Radisson. Conventions, trade shows and conferences will range from 2 to 4 days.
- When will it be open? Target completion is for bookings in early 2014.
- Is it new to the Fox Cities or an expansion of an existing attraction? The project is new to the Fox Cities and creates a full service Fox Cities convention center capacity in Downtown Appleton which will serve the entire Fox Valley.
- What makes it special? The Fox Valley makes this facility special. Research indicates that Downtown Appleton, the Fox River Mall and the historic quaint downtown of Neenah are amenities mentioned as draws for a significant group of meeting planners and sponsors.

With the addition of the Exhibition Center, the Fox Cities will have a full service convention center that will attract and retain conventions, tradeshow and conferences to the Fox Cities that can't/won't come now because of the lack of exhibit space. The CVB sponsored Convention Sports and Leisure (CSL) Feasibility Study of 2009 indicates:

“From a competitive standpoint, the Fox Cities “destination” has a number of important strengths, including its central location in eastern Wisconsin, driving proximity to several major state markets, perception of safety, and affordability. Appleton’s vibrant downtown has many of the “traditional” amenities and characteristics that non-local groups tend to be interested in, such as restaurants, retail, nightlife, entertainment, a “walkable” central business district, and full-service hotel products. Other areas (Neenah, Menasha, Grand Chute, etc.) offer similar and contrasting amenities, providing unique and complementary “mini-destinations” in the overall marketplace. The Fox River Mall and other retail offerings have established the Fox Cities as a well-known regional shopping destination.” (Page 81 of report, page 89 on web site document)

- Is it unique in Wisconsin? The Fox Cities is unique in Wisconsin. With upgrading the quality convention hotel to a full service convention center site, the entire Fox Cities once again will be a top tier Midwest market site for regional conventions.

8. What impact will the Exhibition Center project have on the tourism economy? The 2008 CVB sponsored feasibility study indicated that the addition of a full service convention center capacity would add \$8.4 million annual economic impact to the Fox Cities. Assuming a 5% discount interest rate this equates to a present value of 20 years of future economic impact of \$105 million.

The CVB has provided a partial list of regional annual conferences and conventions that do not come to the Fox Cities on a regular basis because of the lack of an adequate exhibition facility in connection with the meeting site.

How many overnight stays will The Exhibition Center generate in Fox Cities during the first five (5) years? We believe the additional capacity will result in 85,000 to 100,000 additional overnight room bookings. Page 108 of the CSL Feasibility Study (page 115 of the web site document) states:

“. . . 18,650 (room nights) in Scenario 1. Much of the room nights would be expected to take place at the subject hotel of the new convention center. However, it is expected that other hotel properties in the area would benefit from the development of a new convention center in Fox Cities through overflow demand and compressed latent demand.”

How did you arrive at that estimate? The estimate came from the feasibility study. Separately, using estimates of potential convention activity provided by the Radisson management team, we have constructed a model to estimate the number of rooms generated by traditional convention use. The results from this analysis are consistent with the feasibility study estimates.

9. Has there been a feasibility study or market study for this Exhibition Center project? Yes. It was done by CSL and funded by the CVB and the Chamber. The study addressed the potential of a full service convention center. It is available in total on the Exhibition Center website: www.FCExhibitionCenter.com; click on Resources.

Analysis of this study was undertaken by the Coalition and its report is on the web site also. Most importantly, the report indicated that the Fox Cities would benefit from a full service capacity, and that it would have that capacity if an exhibit facility was added to the Radisson Paper Valley complex in Downtown Appleton. Any other location would require construction of another 400 room full service hotel which the region could not absorb, and would ignore the benefits presented by a downtown location. It would continue the under-utilization of the existing venue that contains all the necessary convention center features except an exhibit facility.

If so, please share what you learned. The CSL study was an independent study and provided the momentum to have concept pursued. It has been discussed at length in many forums. Its main conclusions were:

- Strong market demand for a Fox Cities full service Convention Center
- Downtown Appleton site to tie to available facilities and optimize Fox Valley features
- Partner with existing hotel for management and operations
- 30,000-35,000 sq. ft of exhibit space plus more for support
- \$8.4 million annual economic impact of a full service facility addition
- Attract new visitation to area and events
- Promote spin-off development and additions to tax base
- Reduction in lost local impact

10. Describe in detail how the Exhibition Center will be marketed to the visiting public, including answers to the following questions:

- Who is your target audience? The purpose of the Exhibition Center is to provide additional sources of visitor spending in the Fox Cities. The feasibility study of CSL developed this potential in detail. The primary target audience will be meeting planners and sponsors who will select and direct their clients to Downtown Appleton and the Fox Cities. The CVB has provided a list of Conferences and Tradeshows that cannot currently choose the Fox Cities as a site due to lack of exhibit space.

While the target audience will be generated by several stakeholder groups, the operation of the Exhibition Center will be the responsibility of a professional qualified operator through a long-term agreement that assigns operating risk and gains and losses to the operator.

- How large do you anticipate your marketing budget to be? The Exhibition Center will not have any day to day operating or marketing responsibility. As property owner the Exhibition Center will have responsibility for the integrity of the building and a volunteer Board of Directors will have this duty. It will set the criteria of performance for the operating manager and monitor this over time with any actions as required.
- What kinds of sales, advertising and promotions will you do? Since operations of the Exhibition Center will be the responsibility of the operator, the operator will be managing specifics of operation. It is expected that the operator will work closely with the CVB and other community stakeholders.
- Who will provide you with the marketing expertise you need? See above.
- What plans do you have for cross promotion with other attractions? Opportunities to cross promote will be driven by the CVB, Appleton Downtown, Inc, The Radisson, and individual attractions willing to partner.

11. How do you envision your organization working with the Fox Cities Convention & Visitors Bureau once the project is completed? When the Exhibition Center is completed the operations will be handled by a professionally qualified operations manager. The Exhibition Center Board will continue to monitor and communicate with CVB and other stakeholders sharing any information that would assist the success of the Exhibition Center.
12. What other attractions or community organizations will you collaborate with? The construction of the Exhibition Center is a collaboration of the CVB, City of Appleton, Outagamie County, local hotels and their municipalities that enact a dedicated room tax, naming gift sponsors from the private sector and community/downtown advocates.
13. Describe in detail Exhibition Center operational plans for the organization after this project is complete. Be sure to include information on the following:

Note: The grant is to provide funding for certain aspects of the architectural and design aspects of the proposed Exhibition Center. The design firm will be retained by the Boldt Company and responsible to Boldt. Boldt will set the schedule and the expectations of the work to be provided.

The Exhibition Center will have no employee organization. It will have a governance role with respect to the property and the obligations of the operator relative to its use. The volunteer Exhibition Center Board will meet as required by its Bylaws, and act accordingly.

- How will you be staffed? How experienced is your staff? The operator will staff the Exhibition Center and bring its experienced staff to the operations.
- Have you developed job descriptions? The Fox Cities Exhibition Center, Inc., bylaws define the role of its Directors and Officers. There will be no employees and therefore no other job descriptions. The contract with the operator will specify the specific duties and responsibilities of the operator and the operating team.
- How will you insure adequate operational funding? Funding during the start-up period? The operator will have the operational funding responsibility and the risks involved. Based on the feasibility study it would appear that after a start up period, there will be sufficient funds to operate the facility.

Note: We are often asked about the risk taking aspect of the ongoing operations. The risk with respect to payment of interest and principle on the bonds sold to fund construction will rest with the owners of the bonds and depend on the continued expected collection of room tax dedicated to back the bonds. All other contributions toward construction will not have any liability attached. The risk with respect to the expenses of the facility including property tax will rest with the Radisson. The Exhibition Center will have no operational expense.

14. Who is the legal owner of project site, if not the applicant? Describe the relationship between the owner and applicant. The City of Appleton is the applicant in support of the Exhibition Center while Fox Cities Exhibition Center, Inc., seeks 501-C-4 status. This is to satisfy the CVB requirement of not-for-profit status of grant recipients. The City will receive grant funds and pass them through to the Exhibition Center for payment to Boldt who will pay the design firm as provided by invoice.

Currently, Outagamie County is the owner of the site. The County Board has resolved to make the site available subject to terms of transfer being agreed to and subject to all other funding and other issues coming together. The plan is for the City of Appleton to purchase the site from Outagamie County. The approved City Capital Budget for 2012 provides \$3.4 million for the City to purchase the site and prepare it for construction including installation of required infrastructure and removal of the existing structure. The resolution providing the funding would require all other aspects of the project funding be in place. When the needed improvements have been made, the property will be transferred to the Exhibition Center which will then be the owner of the site and the eventual Exhibition Center building.

15. What is the useful life of building or project? 50 years.

16. Will construction of the project require any additional construction of:

1. Public facilities (e.g. sewage, facilities, road, etc.) Yes, the City's approved capital budget..

2. Public utilities The City of Appleton has determined the public utilities necessary and the approved budget provided for this.

17. Is there municipal, county or state support for this project? Yes. The City of Appleton and Outagamie County have already shown support and other municipalities are aware of the project. The Exhibition Center Board believes municipalities' support will be expressed by increasing their room tax rates to support the construction of the Exhibition Center. The Coalition was comprised of members from across the Fox Valley with the intent of building consensus and collaboration. At this time, there is not solicited support from the State.

If so, please describe the kind of support the project is receiving. This project is a top priority for the City of Appleton and has hands on support from its Mayor, Council, Director of Community Development and involvement by other City staff as indicated by the approved 2012 Capital Budget. The approved capital budget provides support to obtain the site and access to the site for terms to be negotiated as mentioned above with costs provided by the City Capital Budget.

18. How much money do you have left to raise for this Exhibition Center project? Provide a detailed plan for raising those funds. The target fund raising budget is \$20 million. Bond underwriters suggest a net of \$12.5 million will result for construction from the proposed occupancy tax plan. The approved capital budget provides \$3.4 million from the City. The plan is to request \$1 million from CVB, \$500,000 from the Radisson and the rest from naming gifts by the private sector. Activity to generate these funds is underway for each segment.

The cost for design, engineering, and related activity will far exceed the requested grant. The excess is to be provided in the overall funding of the project.

19. What else should we know to help us decide whether to give a Capital Development Grant to assist this project? This has been a top priority effort for CVB for many years. It lacked a champion. Now it has one and there appears to be strong community support in terms of realizing the potential value. CVB active support is critical to the entire venture succeeding.

- 20: Additional questions specific to this project:

Which architectural firm have you selected for this project? Boldt is responsible for the architectural design and engineering of the project and for securing the services of an architectural consultant with experience in exhibition center design integrated with a hotel property. The architectural consulting team has been selected by Boldt to provide necessary expertise, especially with respect to customer expectation and utility. The role of the firm selected will be with respect to design consultation, reporting to Boldt. Details of the assignment are as follows:

The architectural consulting team will provide up-front programming, planning, schematic design and design development services. The architectural consultant will be expected to work collaboratively with the Owner, Design Manager (Boldt), Construction Manager (Boldt), design/build team and other project interests. The following provides a general description of the services to be provided by the architectural consulting team.

1. Planning and Programming Services.
 - a. Review information and recommendations from the 2008 feasibility study prepared by Convention Sports & Leisure International.
 - b. Review information and recommendations from the report developed by the Convention Center Community Coalition.
 - c. Review preliminary concepts, layouts and 3D graphics developed earlier this year.
 - d. Meet with various user groups of the Exhibition Center stakeholders.
 - e. Using information developed to date, confirm preliminary building space program and concepts relative to needs expressed. Provide suggestions and alternatives in regards to building space allocation, site layout, site orientation, massing, exterior design concepts and interior design concepts.
2. Schematic Design Services.
 - a. Prepare up to three (3) preliminary schematic design schemes to review.
 - b. Refine preliminary schematic design schemes to a single schematic layout acceptable to FCEC.
 - c. Prepare site plan layout.
 - d. Assist Design Manager in preparing outline specifications.

- e. Assist Design Manager in preparing narrative of mechanical and electrical building systems.
 - f. Identify LEED and sustainable design goals (seeking Silver).
 - g. Prepare presentation media as needed.
 - h. Support development of cost estimate.
 - i. Support development of project schedule.
 - j. Prepare and present schematic design documents for formal review.
3. Design Development Services.
- a. Review and confirm schematic design document direction and decisions.
 - b. Prepare design development plans for architectural work.
 - c. Prepare 3D electronic modeling.
 - d. Assist and support Design Manager in the preparation of design development plans for civil, structural, mechanical and electrical disciplines.
 - e. Assist and support Design Manager in preparation of specifications for all work disciplines.
 - f. Prepare presentation media as needed.
 - g. Support updating of cost estimate.
 - h. Support updating of project schedule.
 - i. Prepare and present design development documents for formal review.
4. Assist and support Design Manager in preparation of detailed construction documents.
5. Assist and support Design Manager in providing construction administration of the design.

What process did you use to select this firm? Boldt was selected as the manager of this project at the beginning in recognition of its experience and its community commitment. This included all design and engineering aspects. Boldt prepared a Terms of Qualification to request qualification and pricing proposals from three top architectural consulting firms with exhibition center design experience.

What successful convention facilities has the firm worked on? What specific expertise does the firm have in this area? The architectural consulting team was selected based on their expertise with designing exhibition centers in conjunction with convention center and hotel venues.

What is the cost and exactly what will the firm do? The architectural consulting team will provide programming and planning expertise for the exhibition center at a cost of \$287,000. The architectural consultant will work with the Design Manager and the design team during the planning, programming, and schematic/design development phase of the project. Work will continue after this phase and those costs are also included in the proposal. The proposed grant is intended to partially cover project costs during the programming/ planning phase, and the schematic design and design development phase. The total design and engineering cost breakdown is provided below.

What is the timeframe for getting the work done? Assuming acceptance of the grant as proposed, the programming, schematic and design development work will occur between January 2012 and May 2012.

21. Project Budget (Date prepared: November, 2011)

The above answers indicate the proposed sources of funds for Exhibition Center construction. None have been realized and none will be realized until all parts of the funding are assured except for the proposed grant herein. For the Exhibition Center project:

REVENUE

Capital development fund request	\$250,000
Contributions collected	none

Contributions receivable		none
Contributions remaining to be subscribed		\$7,250,000
Bond financing by City of Appleton	By way of a bond supported by occupancy tax:	\$12,500,000
Other (specify)		none
TOTAL REVENUE		\$20,000,000 targeted

EXPENDITURES

TOTAL EXPENDITURES \$20,000,000 estimated

The estimated budget for preliminary design services, including services provided by architects and design/engineering consultants, for which this grant will provide partial funding is as follows:

Programming, Planning and Conceptual Design	\$ 221,330
<u>Schematic Design & Design Development</u>	<u>\$ 363,002</u>
Sub-Total Preliminary Design	\$ 584,332

This will provide appropriate design data for confirmation of the appropriateness of the planned program and refined costing.

22. REQUIRED ENCLOSURES:

Please 1 copy of each of the following.

- Detailed operating budget for first three years This is not be available. It is the business of the operational risk taker.
- Proof of property ownership. Property is still owned by the County and will remain so until all funding is lined-up, including this and future CVB grants. It will then transfer to the City of Appleton, and then to the Exhibition Center. The action of the County Board and the Common Council is shown below; the first is the County Board action, the next is the Common Council action and the third is the agreement between the City and County that is to be ratified by the County Board.
- Corporate bylaws, list of board members/partners/other principals, current annual report. The Fox Cities Exhibition Center, Inc., was organized in January 2011 and registered as a non-stock corporation at that time.

Directors of THE EXHIBITION CENTER:

- Terms expiring in Jan 2012: John Pfefferle, Karen Harkness, Jennifer Stephany, Rich Batley
- Terms expiring in Jan 2013: Bob Pedersen, John Hogerty, Joyce Bytoff, Chad Scott
- Terms expiring in Jan 2014: Tom Boldt, Jodie Larsen, Sarah Schneider, Dave Willems, Mike Van Asten, Walter Rugland

Officers: Chairman: Rugland; Secretary/Treasurer: Willems

- Documentation of tax exempt status. Because the Exhibition Center will have single commercial purpose it will not be tax exempt. It is not a charity or an educational institution. It will eventually be a 501-c-4 organization fort tax

purposes. The City of Appleton is tax exempt and is the applicant acting for the Exhibition Center with respect to this grant.

- Most recent Exhibition Center audit. The Exhibition Center has no funds to date to audit.
- A copy of any market or feasibility study that has been done. See the CSL Feasibility Study funded by CVB and Chamber and available on www.FCExhibitionCenter.com.