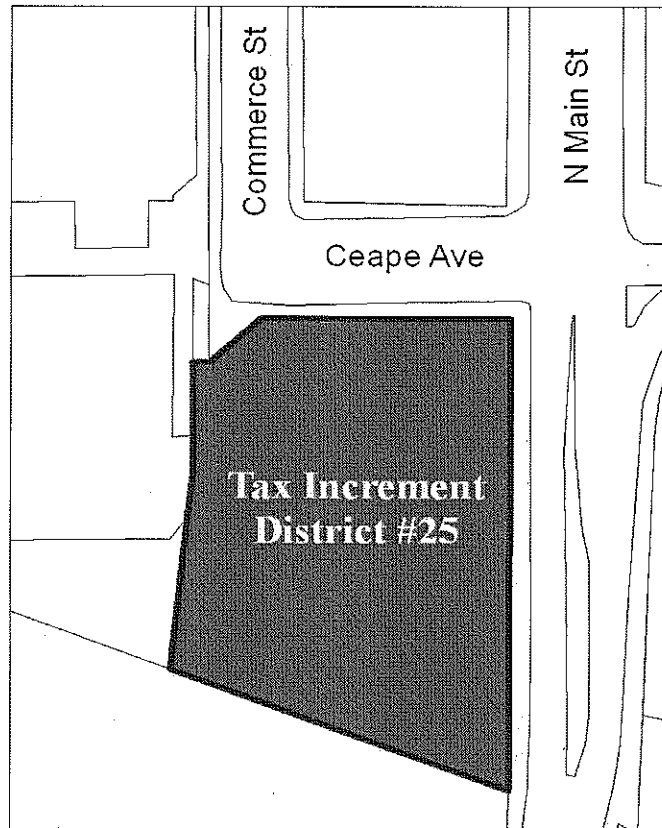


TAX INCREMENT DISTRICT #25

**CITY CENTER HOTEL REHABILITATION
PROJECT PLAN**



Planning Services Division

May, 2012

5/18/2012

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TAX INCREMENT DISTRICT #25

PROJECT PLAN

CITY OF OSHKOSH

PLAN COMMISSION

October 18, 2011

COMMON COUNCIL

May 22, 2012 pending

JOINT REVIEW BOARD

May 2012 pending

PREPARED BY:

Planning Services Division

May, 2012

5/3/2012

Plan Summary
City of Oshkosh
Tax Increment District #25 Project Plan

District Name: City of Oshkosh Tax Increment District #25 City Center Hotel Rehabilitation

TID Type: Blighted Area

Purpose: Renovation of the hotel to a mid-priced to upscale, full-service hotel and convention center with 176 rooms. Additionally, complete a section of Riverwalk system and improve public access to area.

Max. Life of TID: 27 Years

Location: 1 N. Main Street, generally located west of Main Street, south of Ceape Avenue, and north of Fox River.

Size: Approximately 1.03 acres

Parcels: 1

Estimated District Base Value: \$1,000,000

Estimated District Value at Closure: \$13,800,000

Estimated Future Increment Value: \$6,279,471

Proposed Costs: \$4.6 million total in private and public project costs. \$2 million will be provided as an up front development assistance grant and an additional \$1 million in paygo financing after project reaches stabilization. \$1 million for development of a Riverwalk system with associated boat docking facilities. Costs will also include administrative costs related to the creation and implementation of this project plan.

Project Financing: General obligation exempt notes for public improvement costs and taxable note for private development costs.

Economic Feasibility: Economic feasibility is based on rehabilitation of the hotel into a mid-priced to upscale, full service hotel with attached convention center.

Introduction

Wisconsin's Tax Incremental Financing law provides a mechanism that enables cities and villages to rehabilitate blighted areas, improve business areas, create mixed-use development, and/or develop industrial sites. The intent is to defray the cost of improvements in a designated Tax Incremental District (TID) by using tax revenues or increments generated from new development to pay for project improvements in the district. The value increment is the difference between the certified base value of the TID at the time of creation and the increased value of the property in subsequent years until the TID is dissolved. It is the value increment generated from new development that is used to retire the debt incurred by the City in implementation of project activities.

Under Tax Incremental Financing, the tax increment generated from private investment in a TID is applied entirely to the retirement of debt incurred by the municipality in order to make the area attractive to investment or reinvestment. When the cost of improvements has been recovered and the debt service attributable to the district has been retired, the TID is dissolved and all taxing jurisdictions benefit on the same shared basis as before the creation of the TID. If the TID has been successful, each of the taxing jurisdictions should receive a much larger share of property taxes generated from the new development that came about as a direct result of the creation of the TID.

Tax incremental financing laws provide benefits to all taxing entities, City, County, Public Schools, and Technical College, by promoting development of new taxable value which otherwise would not occur. It provides a tool for municipalities to make reasonable levels of investment using local financing sources to meet identified needs and fill legitimate public purpose roles. The law also recognizes that since municipalities do not share the investment risk with other tax entities, they are entitled within a prescribed period of time, to receive all new tax revenues of the TID as the source of paying off all public investment costs. All other taxing entities receive benefits in the future from the increased tax base generated as a result of the City's investment in the TID.

Purpose

The primary purpose of this TID is to promote rehabilitation of the City Center Hotel property at 1 N. Main Street into a mid-priced to upscale, full-service hotel with 176 rooms, banquet facility, and convention services. The anticipated project cost is estimated at \$14 million with renovations being the most significant cost due to many years of deferred maintenance of the facilities that essentially require a complete gut and remodel of the rooms to bring the facility back to a competitive mid to upper scale full-service hotel and banquet facility.

In this case TIF is intended to be used to enhance equity to obtain conventional lending from a financial institution. In today's economy financial institutions require significant levels of equity to finance hotel projects, especially those involving distressed properties. For hotel projects, especially distressed projects, financial institutions typically require between 50-70% outside equity being provided. In this instance the development group is providing about 25% of cash equity and will utilize TID to enhance their equity position to a level high enough to obtain financing.

While the primary purpose of the TID is to promote revitalization of the hotel property, available increment will also be utilized to help offset costs for the Riverwalk that will be constructed along the Fox River between Jackson Street and North Main Street including a portion of Riverwalk immediately adjoining the hotel property.

The goal is to increase hotel income through renovations that will bring increased numbers and larger conventions to the community which in turn will result in increased property value for the hotel and increased consumer spending within the community, especially in the retail and service sectors.

Project Plan Activities

Hotel Project Overview

The developer seeks to renovate the 27 year old hotel into a mid-to-upper price full-service hotel with 176 rooms, banquet facilities, and convention services. The renovation and operation is planned to provide a "three star hotel" with the "perception of four star services" which is needed to attract larger groups according to the Oshkosh Convention and Visitors Bureau (OCVB). The renovation is required due to many years of deferred maintenance with little or no funds invested back into the facility by previous owners. The hotel's occupancy has declined to single digit levels with the previous ownership. The lack of investment in the hotel has resulted in the OCVB not being able to market the hotel for convention business which does not provide for the best use of the adjacent city owned convention center for larger multi-day stay groups. The goal is to build on the recent renovations to the convention center to reposition downtown Oshkosh as a destination for larger conventions.

The City Center Hotel includes a three-meal-a day restaurant and bar/lounge area and approximately 7,000 square feet of banquet/meeting space. The Oshkosh Convention Center includes approximately 18,000 square feet of additional meeting and exhibit space. With approval of this TID and renovation of the hotel, the operators of the hotel anticipate taking over management of the convention center to allow the convention center and hotel to be marketed as a package and shift the market from individuals to larger groups. The renovated convention center provides the ability to meet and feed groups of 500 or more attendees as well as host social/banquet functions for groups as large as 1,000 attendees in a 15,000 square foot banquet/exhibit hall and ten breakout/conference type rooms. Combining the convention center space along with the hotel's 7,000 square feet of flexible meeting space makes the Oshkosh market more competitive with other communities in the central portion of the state, whereas much of this business is going to other convention destinations.

According to the Oshkosh Convention and Visitors Bureau, upon completion the hotel will be the only full service property in Oshkosh. It is also the largest hotel in Oshkosh with the most rooms and meeting space. While the convention center has been updated and refurbished - Oshkosh has not hosted a "citywide convention" because of the condition of the attached property. The potential for future convention business is great as these groups have expressed a desire to return to Oshkosh.

Riverwalk Project Overview

In 2005 the City adopted the "Fox River Corridor Riverwalk Plan and Design Guidelines" identifying construction of a continuous Riverwalk system along both sides of the Fox River between Wisconsin Street and Lake Winnebago. The City has since been able to complete one segment of the riverwalk between North Main Street and the Leach Amphitheater (Riverside Park Zone) and is just completing the Marion Road (Marion Road Zone) segment leaving the connecting segment between (City Center Area and Hotel Zone) as the last segment on the north side of the river without a riverwalk system.

The City has been working with property owners in the City Center Zone and has already developed preliminary construction plans for the Riverwalk which will include significant use of boardwalks over the Fox River due to the close proximity of the structures in this area to the river's edge. The project will also include installation of boat docks along the Riverwalk. The total estimated cost for this segment of the Riverwalk is approximately \$5.1 million. Approximately \$1.4 million will be attributed to the City Center Hotel property and the balance to the former mall property, also known as the City Center, and paid for with increment from TID # 17. Funds will be allocated as part of this proposed TID to help fund construction of the Riverwalk and boat docks between the hotel and Fox River.

Outside District Costs

TIF statutes provide for the allowance of costs incurred outside the district that directly serve improvements within the district. As such the hotel structure is connected on three sides to improvements that may require some alterations to allow them to efficiently interface with the new hotel renovations as they were all constructed relatively simultaneously. The structures being; the skywalk, parking ramp, and sidewalk/Riverwalk connections. The skywalk and parking ramp directly access the hotel and allow for covered circulation between the convention center, hotel, and parking ramp.

The Riverwalk, with associated docking facilities, is planned to connect with the sidewalk along North Main Street and to the Riverwalk to the west of the hotel along the parking ramp property and in TID # 17. Funds will be programmed for not only Riverwalk construction within the district but to the sidewalk along North Main Street and to the Riverwalk in TID # 17.

Administrative

Administration related expenses include an estimate for administrative, planning, professional, organizational and legal costs. Components of these costs include cost of salaries and employee benefits for City employees engaged in the planning, engineering, implementing and administering activities in connection with the Tax Increment District, the cost of supplies and materials, contract and outside consultant services, and those costs of city departments such as the City Attorney, Public Works, Finance, Community Development, and Transportation. The Department of Revenue also charges a set up fee and annual certification fee that will be paid from increment.

Boundaries/Legal Description

That part of lots 1 through 11 in Moore's Subdivision and vacated Marion Street, all part of the Northwest ¼ of the Southwest ¼ of Section 24, Town 18 North, Range 16 East, City of Oshkosh, Winnebago County, Wisconsin which is bounded and described as follows; commencing at a point North 00-50-59 East of the N.E. corner of Lot 1 of Moore's Subdivision 28.00 ft., thence North 89-25-39 West 153.00 ft to a point, thence South 49-02-31 West 42.23 ft. to a point, thence North 89-25-39 West 10.00 ft. to a point, thence South 00-26-46 West 69.17 ft. to a point, thence South 06-56-46 West 73.85 ft. to a point on a meander line on the northerly shoreline of the Fox River, thence South 68-14-29 East along said meander line 216.06 ft to a point on the east right-of-way line of Main Street, thence North 00-50-59 East along said right-of-way line 303.66 ft to the point of beginning. Said parcel contains approximately acres 1.03 more or less.

The proposed boundaries of the TID are shown in Map # 1 in Appendix A. Map # 2 in Appendix A identifies the parcel information for the TID.

Name of District

The district is identified as City of Oshkosh Tax Increment District #25 (TID #25) – City Center Hotel Rehabilitation.

Creation Date

The date of creation for the capture of all new taxable value created within TID # 25 shall be January 1, 2012. The value established as of this date shall be used as the base for computing any increments that will accrue in the tax base for the district.

Project Costs and Improvements

Overall costs to implement this project plan are estimated at \$15,650,000 with TIF contributing about \$4 million of project costs with \$3 million allocated to private improvements and \$1 million to public improvements. The development group is proposing to bring in approximately \$3.5 million or 22% equity into the project and finance the remaining 48%. Table 1 below identifies the total project costs and sources of funding to implement this plan. Map # 3 in Appendix A shows the proposed improvements.

Table 1 Overall Project Costs Sources and Uses		
Use (Hotel Project Cost)	Amount	
Acquisition and Renovation	\$14,000,000	
Total Hotel Acquisition and Renovation Costs	\$14,000,000	\$79,545/room
Source (Financing of Private Improvements)		
Equity	\$3,500,000	25%
Bank Financing	\$7,500,000	54%
TIF Development Assistance Grant	\$2,000,000	14%
TIF Paygo Funding	\$1,000,000	7%
	\$14,000,000	100%
Use (Public Improvements & Administration)		
Riverwalk and Public Improvements for Improved Public Access	\$1,500,000	
Administrative, Planning, Legal, Accounting	\$150,000	
Total Public Improvement Costs	\$1,650,000	
Source (Financing of Public Improvements)		
TIF	\$1,000,000	67%
CIP or Grants as available	\$650,000	33%
		100%
Total Project Uses	\$15,650,000	
Total Project Sources		
Private Equity	\$3,500,000	22%
Banking Financing (Hotel)	\$7,500,000	48%
TIF Project Development Assistance	\$3,000,000	19%
TIF Public Improvements	\$1,000,000	6%
CIP or Grants as available	\$650,000	4%
Total (excludes finance costs)	\$15,650,000	100%

Table 2 below identifies the anticipated TIF project costs and timing of expenditures.

Table #2		
Estimated TIF Project Costs and Timing		
Activity	Cost	Year
Development Assistant Grant	\$ 2,000,000	2012
Paygo Payments	\$1,000,000	2016-2032
Public Improvements	\$1,500,000	2012
Administration & Planning Related	\$150,000	2011-2038
Finance Cost Estimate (20 year amortization at 4%)	\$1,590,234	2012-2038
Total	\$4,650,000	2011-2032

Method of Financing

Implementation of improvements in this project plan will be financed through private taxable and public exempt general obligation bonds. The up-front \$2 million developer assistance grant will be financed through a private taxable note that will be repaid through property taxes generated on the estimated \$10.6 million increment created by the renovated hotel and convention service. The \$1 million of paygo assistance will be paid after the project has stabilized in 3-5 years and after the DAG debt service requirements have been fulfilled by the increment generation. The public improvements will be paid through borrowings of general obligation bonds and paid through taxes on the increment generated by the development.

Master Plan, Zoning, Building, and Other Code Considerations

No changes are necessary to implement this Project Plan other than to identify the linear public park and trail system that will be created by the construction of the Riverwalk along the Fox River. The project elements proposed in the Project Plan conform to the objectives and recommendations in the City's Comprehensive Plan, as approved by the Plan Commission and Common Council. The proposed re-use of the site as a hotel and convention center functioning as a single unit is consistent with the recommended land use and other elements of the Comprehensive Plan.

Additionally, the proposed project and zoning conform to the existing commercial zoning within the district and requires no changes in zoning or the official map. The City actually has recently changed the zoning for the hotel to add a Planned Development classification to the base C-3 Central Commercial zoning to preserve the area as a mixed-use entertainment, hotel, and retail district, which this project will sustain. The existing and proposed zoning is shown on Map #4 in Appendix A.

Economic Feasibility/Expectations for Development

In October 2001, a report "Strategic Market Analysis for the Oshkosh Convention Center" was prepared by Economic Research Associates (ERA), with an analysis of the facility space, access, expenses and revenues, and the regional convention facilities market. The report outlines options for the Convention Center and adjoining hotel to update and expand existing facilities. In doing so, it is estimated that the Convention Center and hotel will become more financially stable and be able to attract more conventions with larger numbers of participants.

The ERA report states that “For its size, Oshkosh is a surprisingly well known City as a result of the activities and marketing of Oshkosh B’Gosh, EAA and Oshkosh Truck. This awareness and the demonstrated ability to serve major events like the EAA convention and Ducks Unlimited are significant marketing assets. In addition, Oshkosh is well located in the State in terms of access from the major Milwaukee and Madison regional markets. Our research also reveals that Oshkosh is also very price competitive in terms of lodging and visitor support amenities. The general conclusion is that the Oshkosh Convention complex can compete for selected national meetings, state business and the regional event market. While balancing the specific needs of conventions and regional events is complicated, the available market opportunities are a potential win-win for Oshkosh and the downtown area”.

With the ERA report as a guide, the City programmed funds to improve the convention center to make it more competitive. Approximately \$2.8 million was invested into the convention center to create additional flexible meeting space and to accommodate groups of 500 or more attendees as well as host social/banquet functions for groups as large as 1,000 attendees in a 15,000 square foot banquet/exhibit hall and ten breakout/conference type rooms.

While the report may be 10 years old, the conclusion that there are market opportunities available for Oshkosh in the convention market is still valid today especially in light of the increasing number of events held in the city (rebranded as “Event City”) and the lack of an operating full-service hotel and convention center, which yearly costs the city as these conferences go to other convention destinations.

The ongoing problem for obtaining larger multi-day multi-stay events has been the attached hotel’s lack of investment into the property (especially as it regards the rooms) to keep in step with similar sized hotel and convention centers in the region. According to Wendy Hielsberg Executive Director of the Oshkosh Convention & Visitors Bureau, “because of the lack of upgrade, from the attached hotel, we were not able to be competitive when bidding on conventions with newer hotel properties.” Again, without being able to market a single hotel and convention center, the city misses out on larger convention and conference business and subsequently loses income generated from retail spending as well as room tax revenue.

In October, 2010 Hospitality Marketers International, Inc. prepared a report entitled “Operational Proforma and Investment Analysis Report for City Center Hotel & Convention Center”. The report was prepared for UW Oshkosh Foundation who at the time had been contemplating construction of an 80-room hotel, ballroom, and welcome center on campus. The proforma analyzed the market and made projections of performance of the facilities (hotel and convention center) operated as a unit and concluded that a “renovated City Center Hotel that would work in conjunction with the renovated Oshkosh Convention Center and marketed as one facility would generate a shift in the market segmentation...” This market segmentation or the ability to attract larger conventions will help drive higher income numbers and make the project profitable and thus drive the TIF. Attached to this project plan as Appendix B is the Operational Proforma for further information and assumptions.

The City Assessor has reviewed the proforma data provided and estimates that hotel will assess at approximately \$11,500,000 with a tax increment of \$10,500,000, assuming an approximate \$1 million base value. Table 3 below illustrates the tax increment projection based on this anticipated value and values the future increment at \$6.3 million over the 27 year life of the TID. The table further estimates that the net present value of this income stream at \$3.6 million at 4% interest and \$2.5 million at 7% to illustrate the range of values of the anticipated income stream (the City typically borrows in the 3-6% rate depending on terms and project).

Promotion of Orderly Development

Implementation of this Project Plan promotes orderly development through renovation of a prominent downtown property located within an area recommended by the Oshkosh Vision Report as being a mixed-use entertainment and retail center area that in its current condition results in underutilization of the facilities, is hindering sound economic growth of the community and hurts the overall tax base for all taxing jurisdictions. Functional obsolescence of the hotel has resulted in declining occupancies that hampers full utilization and support of the convention center, the adjacent Leach Amphitheater, the downtown, and the City in general through decreased tourism into the community.

Implementation of this Project Plan further ensures that the hotel will remain as a hotel use which is consistent with the Comprehensive Plan and will not change to other uses that could negatively impact development in this district.

The TID will also help to further the Comprehensive Plan's goal of constructing a Riverwalk system that will enhance the local multimodal transportation system as well as linking to the WIOUWASH regional trail system, as a multiple county and state benefit. Implementation of this project plan will help further the goals of the Comprehensive Plan, Downtown Action Plan, Bicycle and Pedestrian Plan, and Fox River Corridor Riverwalk Plan and Design Guidelines.

Proposed Uses and Existing Conditions

The proposed use of the property remains the same before and after establishment of the TID with that use being commercial. The existing and proposed land uses within the TID are identified on Map #5 in Appendix A.

Under Wisconsin Statutes certain findings must be made relative to proposed areas being included in a TID. Not less than 50% of the area must either be found to be "blighted" or "is in need of rehabilitation or conservation work" within the meaning of 66.1337 (2m)(a).

The proposed area within this TID appears to meet both of the above criteria. The area exhibits signs of blight (both physical and economic) through obsolescence and deterioration of the existing structures resulting from years of deferred maintenance and lack of investment by multiple property owners (two distressed acquisitions) that requires significant investment to modernize the facility and bring it up to market standards relative to a mid to upper price full-service hotel and convention center. This is supported by the high renovation costs which significantly exceed (over 100%) the assessed value of the property. The significant amount of rehabilitation is also consistent with an area in need of rehabilitation per 66.1337 (2m)(a).

Economically, the property has been a blight by its underutilization, as evidenced by an ongoing declining trend in property values that hit a high value of \$8.2 million in 1992 to an assessed value of approximately \$1.9 million in 2011 that would continue to drop as the structure generates less and less income and further deteriorates requiring costly improvements.

The property is also considered blighted by its location in an existing Redevelopment District, Oshkosh Centre that was created in 1980 with the intent to improve the central city and downtown through removal of blighting influences.

Map # 5 in Appendix A identifies existing conditions and properties identified as blighted and/or in need of rehabilitation within the district.

Proposed land use and zoning in the area is intended to be consistent with the goals and objectives of the City's Comprehensive Plan and in that regard the existing C-2 DO PD zoning will be retained.

Non-Project Costs

It is anticipated there will be no non-project costs related to implementing this Project Plan.

Relocation

Relocation of individuals or businesses will not be required to implement this Project Plan.

Findings

- 1) Not less than 50 percent of the real property within the TID is blighted within the meaning of Section 66.1105(2)(a), Wis. Stats; and
- 2) Not less than 50 percent of the structures within the TID are in need of rehabilitation within the meaning of Section 66.1337(2m)(a), Wis. Stats; and
- 3) The project costs relate directly to eliminating blight and in rehabilitating the area; and
- 4) Improvement of the area is likely to significantly enhance the value of substantially all of the other real property in the district; and
- 5) The project plan is feasible and in conformity with the City's Comprehensive Plan; and
- 6) The equalized value of taxable property in TID #25 plus all existing Districts does not exceed 12% of the total equalized value of taxable property within the City.

Joint Review Board Supplemental Data

The project plan contains a listing of specific project costs (Table 1 Overall Project Costs and Table 2 TIF Project Costs) that identifies anticipated total project costs and those costs to be paid with tax increments. Table 3 on page 10 identifies tax increment generated over the life of the TID and the estimated value at termination. Table 4 on page 11 shows the estimated share by taxing jurisdiction of projected tax increments to be paid by owners of taxable property in each of the taxing jurisdictions.

The benefits received at the end of the TID timeframe will be the redevelopment of a blighted area and rehabilitation of an underutilized structure within the district that complements the renovated convention center, amphitheater, and recent investments by both the City and property owners in the downtown. The overall community will benefit through increased economic development from full utilization of a hotel and convention center that will draw larger and increased numbers of conferences and conventions to the community. This increased usage of the hotel benefits the overlying taxing jurisdictions by bringing additional dollars into the community from outside of the jurisdiction which will help to support local retail and service operations which will serve to maintain or enhance local property values.

The primary reason why owners within the district should not pay for all costs associated with the project is due to the current lending trends in the financial industry and the project not being able to attract a high enough level of financing to move forward and thus requires a larger outlay of cash equity from the development group which in turn lowers the return on investment making the project less financially viable resulting in the request for TIF assistance. The City's participation in the project is warranted due to the importance of having a viable hotel and convention center in its downtown to support the millions of dollars already invested by the community in this area which could be threatened if the hotel site continues to deteriorate. Additionally, other project costs identified are of community-wide benefit such as the Riverwalk and improved access to the Riverwalk. Improvement of the hotel supports the convention center and generates tourism that is of community wide benefit and would in turn benefit all overlying taxing jurisdictions.

The share of tax increments paid by property owners within the district, based on the estimated increment from the anticipated development discussed in the Economic Feasibility section of this document is listed below.

City of Oshkosh, WI

City Center Hotel TID Tax Increment Projection Worksheet



Type of District	
Anticipated Creation Date	5/1/2012
Valuation Date	Jan. 1, 2012
Maximum Life (In Years)	27
Expenditure Period (In Years)	22
Revenue Periods/Final Rev Year	26 - 2039
End of Expenditure Period	5/1/2034
Latest Termination Date	5/1/2039
Eligible for Extension/No. of Years	Yes 3
Eligible Recipient District	Yes

Projected Base Value	1,000,000
Pre-Amendment Base Value (Actual)	NA
Property Appreciation Factor	Special
Current Tax Rate (Per \$1,000 EV)	\$24.67
Tax Rate Adjustment Factor (Next 2 Years)	-5.00%
Tax Rate Adjustment Factor (Following 2 Years)	-2.50%
Tax Rate Adjustment Factor (Thereafter)	0.00%

Discount Rate 1 for NPV Calculation	4.00%
Discount Rate 2 for NPV Calculation	7.00%

Apply Inflation Factor to Base?

Net Present Value Calculation	Cumulative @ 4.00%	Cumulative @ 7.00%
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Construction Year	Real Estate Value Added ¹	Personal Property ¹	Valuation Year	Inflation Increment ²	Valuation Increment	Revenue Year	Tax Rate	Tax Increment
1	2012	3,246,698	1,850,000	2013	5,096,698	2014	22.21	113,173
2	2013	1,586,204	(262,000)	2014	6,420,902	2015	21.65	139,013
3	2014	4,304,884	(238,000)	2015	10,487,786	2016	21.11	221,384
4	2015	270,995	(168,000)	2016	10,590,781	2017	21.11	223,558
5	2016	273,935	(158,000)	2017	10,706,716	2018	21.11	226,006
6	2017	0	(130,000)	2018	10,683,543	2019	21.11	225,517
7	2018	0	(112,000)	2019	10,679,439	2020	21.11	225,430
8	2019	0	(104,000)	2020	10,684,413	2021	21.11	225,535
9	2020	0	(86,000)	2021	10,715,642	2022	21.11	226,194
10	2021	0	0	2022	11,127,276	2023	21.11	228,564
11	2022	0	0	2023	11,399,100	2024	21.11	230,958
12	2023	0	0	2024	11,055,951	2025	21.11	233,375
13	2024	0	0	2025	11,174,529	2026	21.11	235,617
14	2025	0	0	2026	11,635,100	2027	21.11	238,284
15	2026	0	0	2027	11,800,413	2028	21.11	240,774
16	2027	0	0	2028	11,918,184	2029	21.11	243,290
17	2028	0	0	2029	12,037,616	2030	21.11	245,831
18	2029	0	0	2030	12,157,907	2031	21.11	248,398
19	2030	0	0	2031	11,890,502	2032	21.11	250,990
20	2031	0	0	2032	12,014,325	2033	21.11	253,608
21	2032	0	0	2033	12,263,104	2034	21.11	256,252
22	2033	0	0	2034	12,516,104	2035	21.11	258,922
23	2034	0	0	2035	12,781,000	2036	21.11	261,620
24	2035	0	0	2036	12,909,885	2037	21.11	264,344
25	2036	0	0	2037	12,949,293	2038	21.11	267,096
26	2037	0	0	2038	13,165,317	2039	21.11	269,875
27	2038	0	0	2039	12,784,946	2040	21.11	269,875

Future Value of Increment	6,279,469
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2,614,230

9,682,716 488,000

NOTES:
¹ Valuation assumptions as to real estate and personal property taken from City Assessor; provide calculations dated March 28, 2012.
² Applied to real estate value only.



3RD DRAFT

Table 4**Tax Increment Detail by Taxing Jurisdiction**

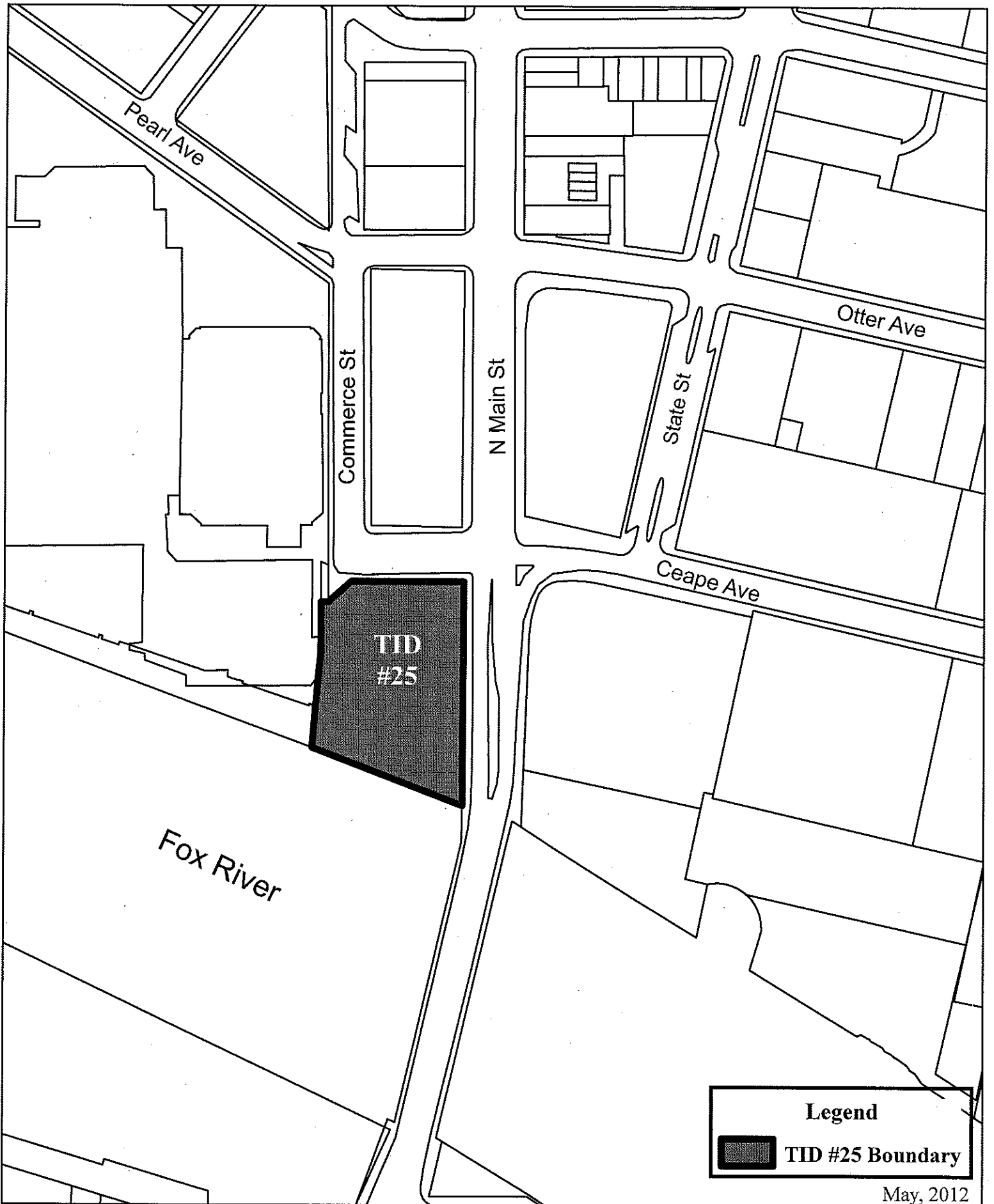
Estimated Share by Taxing Jurisdiction of Projected Tax Increments to be paid by Owners of Taxable Property in each of the Taxing Jurisdictions Overlying the Tax Increment District

<i>Revenue Year</i>	<i>City</i>	<i>County</i>	<i>School District</i>	<i>Tech College</i>	<i>Total</i>
	35.20%	22.96%	34.58%	7.26%	
2014	39,841	25,983	39,136	8,213	113,173
2015	48,937	31,915	48,072	10,088	139,013
2016	77,935	50,827	76,556	16,066	221,384
2017	78,700	51,326	77,308	16,224	223,558
2018	79,562	51,888	78,154	16,402	226,006
2019	79,390	51,775	77,985	16,366	225,517
2020	79,359	51,755	77,955	16,360	225,430
2021	79,396	51,780	77,992	16,368	225,535
2022	79,441	51,809	78,036	16,377	225,663
2023	79,628	51,931	78,220	16,415	226,194
2024	80,463	52,475	79,039	16,587	228,564
2025	81,305	53,025	79,867	16,761	230,958
2026	82,156	53,580	80,703	16,937	233,375
2027	83,016	54,140	81,547	17,114	235,817
2028	83,884	54,706	82,400	17,293	238,284
2029	84,761	55,278	83,262	17,473	240,774
2030	85,647	55,856	84,132	17,656	243,290
2031	86,541	56,439	85,010	17,840	245,831
2032	87,445	57,028	85,898	18,027	248,398
2033	88,357	57,624	86,794	18,215	250,990
2034	89,279	58,225	87,699	18,405	253,608
2035	90,210	58,832	88,614	18,597	256,252
2036	91,150	59,445	89,537	18,791	258,922
2037	92,099	60,064	90,470	18,986	261,620
2038	93,058	60,690	91,412	19,184	264,344
2039	94,027	61,321	92,364	19,384	267,096
2040	95,005	61,959	93,325	19,585	269,875
	2,210,595	1,441,674	2,171,486	455,714	6,279,469

NOTE: The projection shown above is provided to meet the requirements of Wisconsin Statute 66.1105(4)(i)4.

APPENDIX A

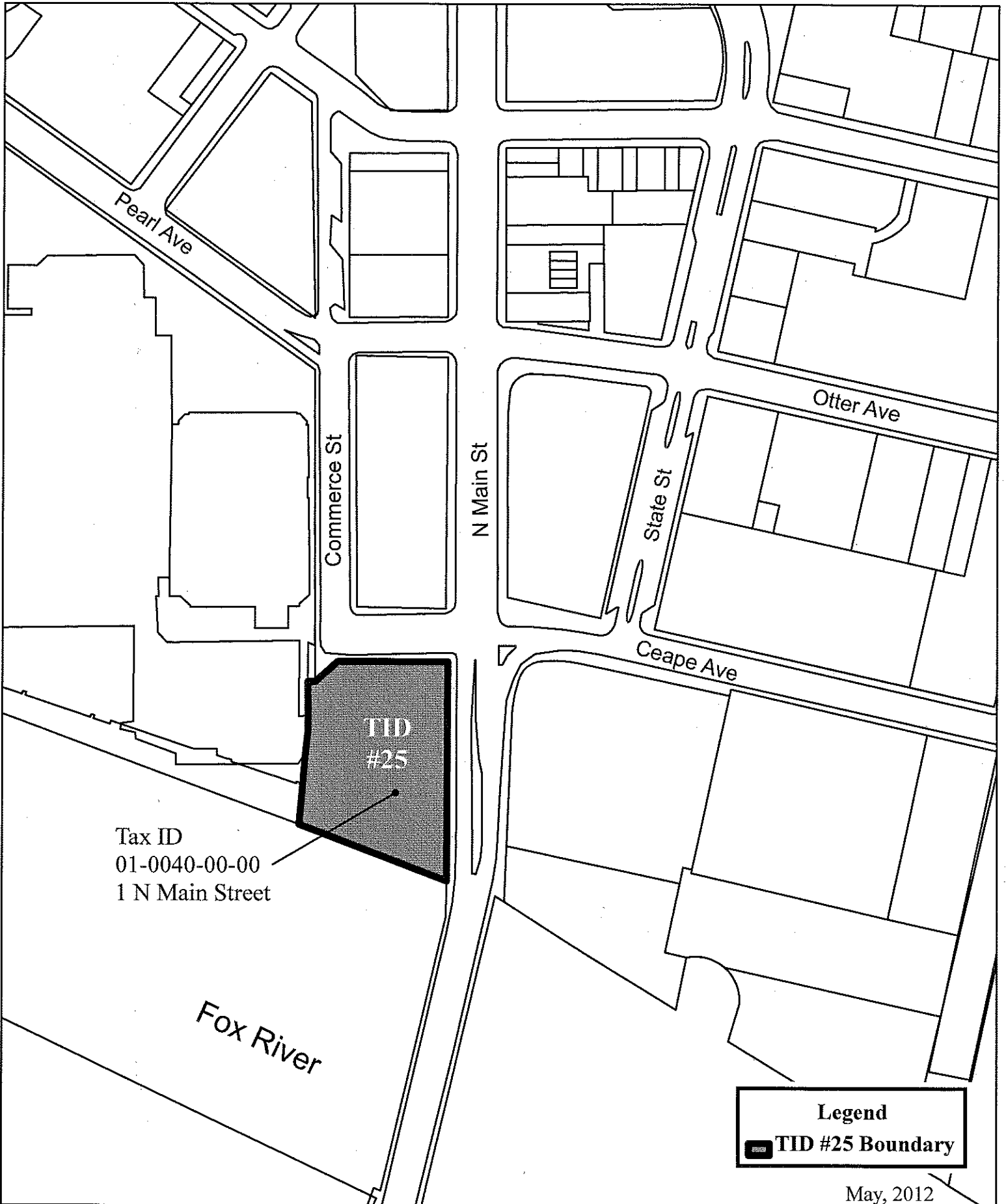
MAPS



Tax Incremental District #25 - City Center Hotel Redevelopment
Map 1 - Project Boundary



May, 2012



Tax ID
01-0040-00-00
1 N Main Street

Legend
 TID #25 Boundary

May, 2012

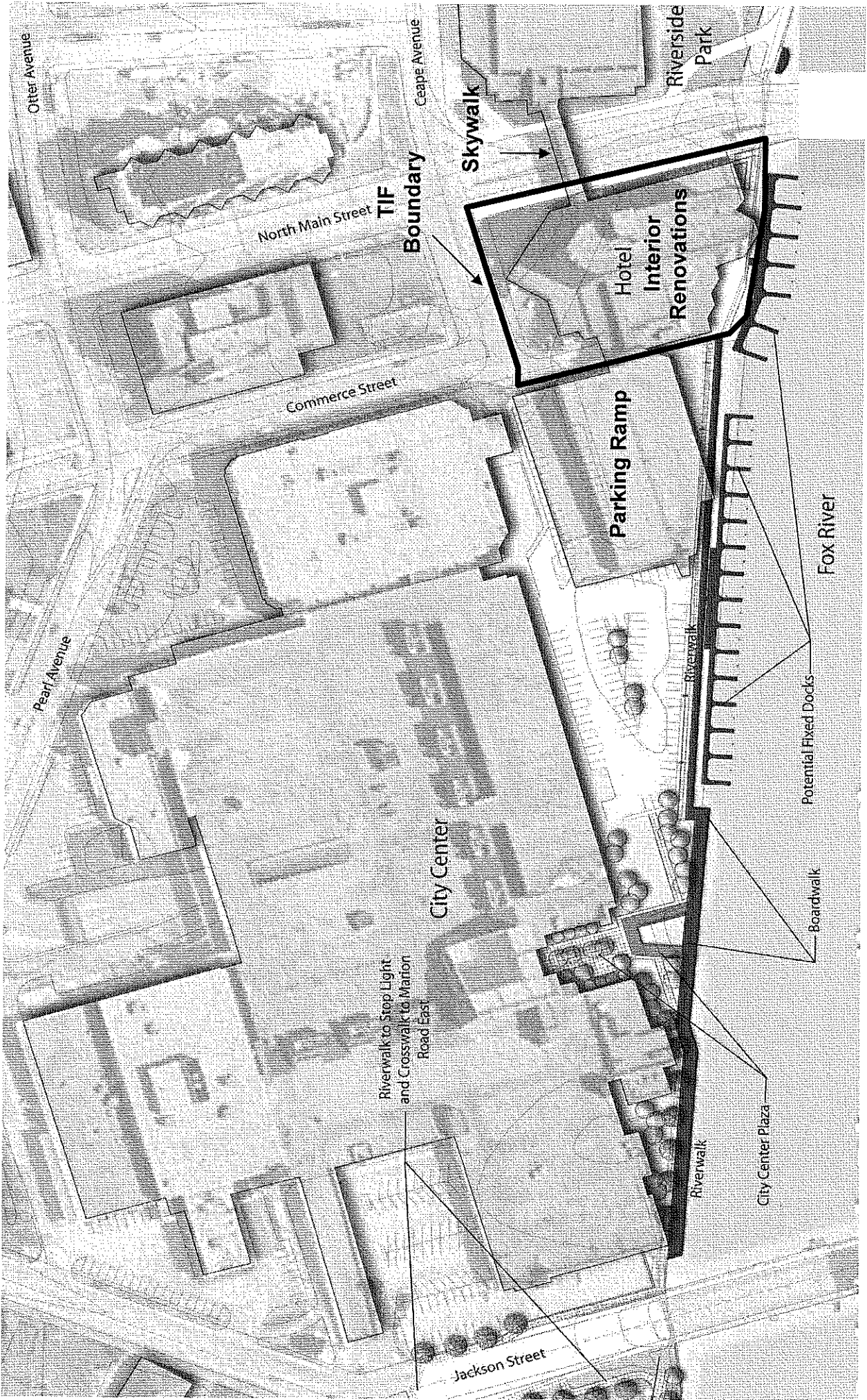
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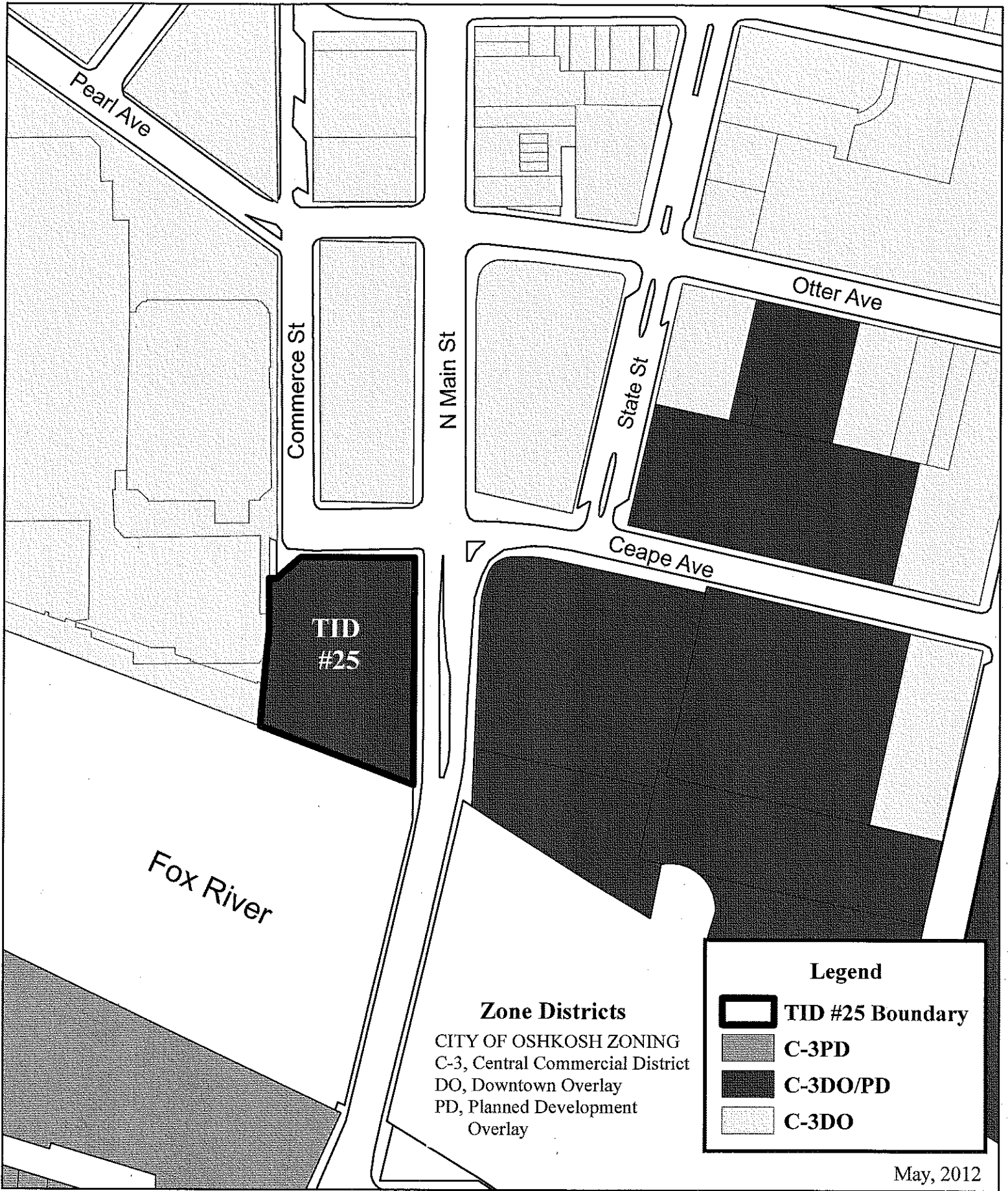
 TID # 25

Tax Incremental District #25 - City Center Hotel Redevelopment
Map 2 - Parcel Identification



Tax Increment District #25 – City Center Hotel Redevelopment Map 3 – Proposed Improvements





May, 2012



Tax Incremental District #25-City Center Hotel Redevelopment

Map 4 - Existing & Proposed Zoning



Tax Increment District #25-City Center Hotel Redevelopment

Map 5 - Existing & Proposed Land Uses, Existing Conditions

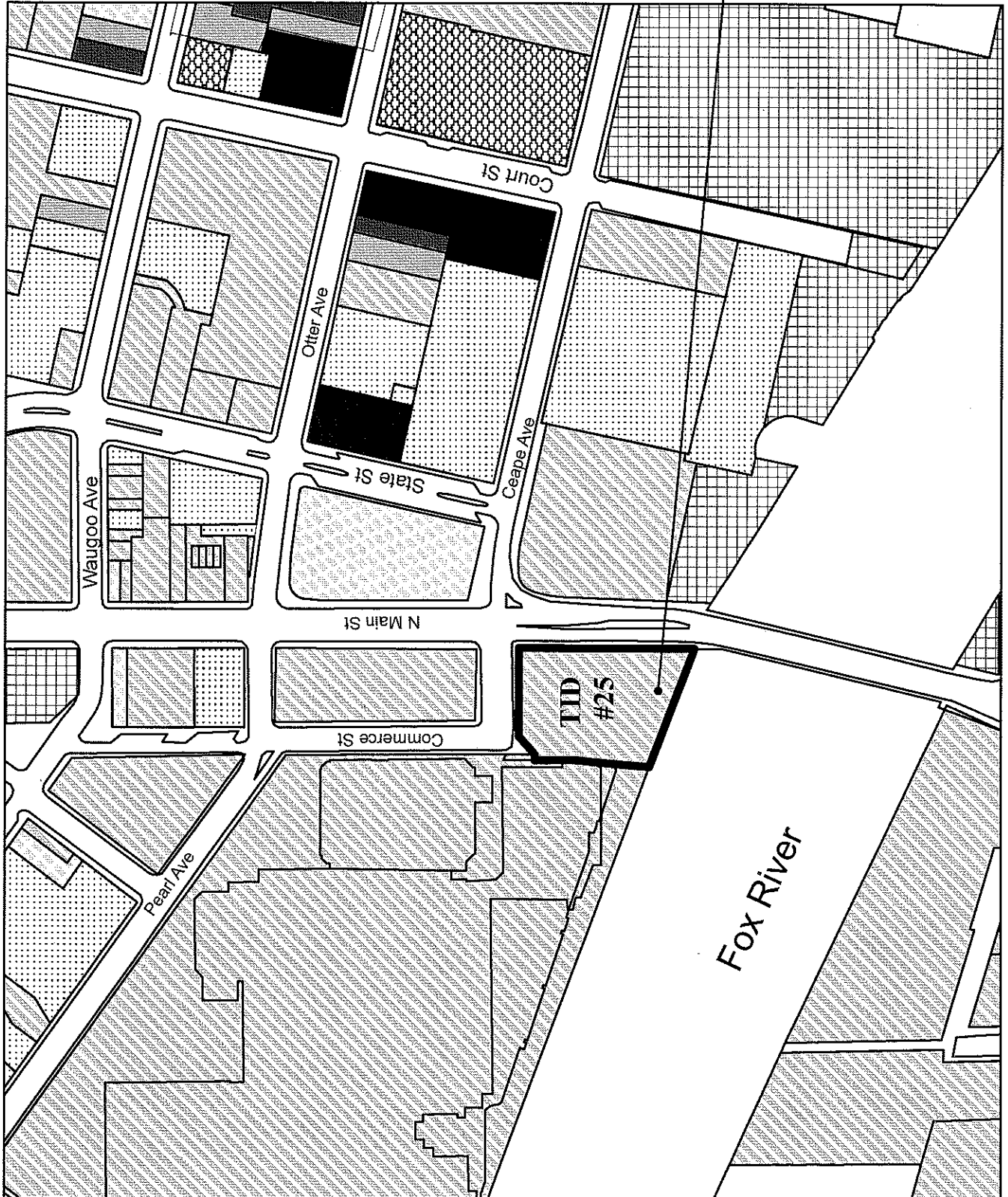


- Existing Land Use**
- TID #25 BOUNDARY
 - SINGLE-FAMILY
 - TWO-FAMILY
 - MULTI-FAMILY
 - COMMERCIAL
 - MIXED USE
 - GOVERNMENT
 - PUBLIC PARK
 - PARKING LOT

Property exhibiting blighting conditions and in need of rehabilitation per Wis. Stats 66.1337 (2m)(a)



May, 2012



APPENDIX B

**OPERATIONAL PROFORMA
AND
INVESTMENT ANALYSIS REPORT**



**OPERATIONAL PROFORMA
and
INVESTMENT ANALYSIS REPORT**

**CITY CENTER HOTEL &
CONVENTION CENTER**

OSHKOSH, WISCONSIN

October, 2010

Management

Research

Marketing

Member of



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Hotel Service Network

Prepared Exclusively For:

Mr. Randy Hedge, University of Wisconsin-Oshkosh

Prepared By:

Hospitality Marketers International, Inc.

**Gregory R. Hanis, ISHC
President**

**Michael R. Hool, CPA, ISHC
President, SHR
A HMI Network Representative**

INTRODUCTION/OBJECTIVE

Hospitality Marketers International, Inc., (HMI) has been engaged to provide this Operational Proforma and Investment Analysis for the acquisition and operation of the 179-room City Center Hotel in downtown Oshkosh, Wisconsin and to include the operation of the recently (2009) renovated Oshkosh Convention Center. This report will utilize information provided in the Comprehensive Market Study prepared by HMI in August, 2010 for the development of an 80-room limited- to select-service hotel, a ballroom and welcome center located on the UW-Oshkosh Campus to project how a renovated 179-room City Center Hotel and Oshkosh Convention Center would perform when operated as "one unit". These two facilities are located along the banks of the Fox River in downtown Oshkosh, Wisconsin adjacent to each other and connected via skywalk.

The market information presented in the original report will explain in more detail the highlights of the market characteristics. This report will highlight any changes to those market characteristics as related to operating the City Center Hotel and adjacent Convention Center. Any highlights in market Demand and Competitive supply will be addressed.

This Operational Proforma Report and Investment Analysis will provide an overview of anticipated operational performance at these two facilities when marketed and operated as "one unit". The Operational Proforma and Investment Analysis uses Sales Revenue projections originally developed in the Comprehensive Market Study completed in August 2010 for the first three years and adapted for this new location/facility based on the increase in room count and the increase in banquet/meeting space (i.e. a 17- room full-service hotel with an estimated 25,500 square feet of banquet and meeting space). The fourth year presented in this Operational Proforma and Investment Analysis was extended based upon anticipated growth demand and rates. Property expenses in the Proforma were estimated based upon the review of similar type hotel industry averages. These industry averages were reviewed based upon the size of the property, geographic location of the property, and the product category that this hotel will serve. Also, any unique operational characteristics identified for this property were factored into these operational projections. The assumptions used in this Operational Proforma and Investment Analysis are also contained in this report.

The investment/financing terms utilized to calculate the returns, debt coverage ratios, etc., were provided by the developer at this time for the purpose of these calculations. These terms should be reviewed by the developer to be sure they align with what the developer is able to secure when proceeding with this hotel project. It is recommended that the reader also perform his own investment analysis.

This report should be acceptable for external investing and/or lending purposes. Hospitality marketers International, Inc. will be available to answer any questions related to these Operational Proforma and Investment Analysis.

PROPERTY PERFORMANCE

The following *Property Performance* results are based on applying the projected performance presented in the original Comprehensive Market Study report completed in August, 2010 to the site and physical facilities located six blocks from the original site as previously described above to include a renovated City Center Hotel and the Oshkosh Convention Center in downtown Oshkosh that will be marketed and operated as "one unit". These performance projections are for the 179-room, full-service City Center Hotel that will be renovated as a mid-priced to upscale, full-service hotel that is connected to the Oshkosh Convention Center via a skywalk. The City Center Hotel includes a three-meal-a-day restaurant and bar/lounge areas as well as approximately 7,000 square feet of banquet/meeting space in a ballroom and multiple smaller rooms. The Oshkosh Convention Center includes approximately 18,000 square feet of flexible meeting and exhibit space and recently received a \$2.8 million renovation which was completed in early 2009. These projections are based upon present operating performance of the market at the time of this report, and a timely completion of the project discussed herein, based upon this report's presentation.

MARKET SEGMENTATION

The first area to be reviewed for this alternate site in downtown Oshkosh is the *Market Segmentation* that exists in the area. The following chart highlights the Market Segmentation projections for the City Center Hotel/Oshkosh Convention Center.

MARKET SEGMENTATION					
	SUBJECT MARKET PROBABLE PERCENT OF MARKET	RANGE	CITY CENTER HOTEL PROBABLE MARKET	MARKET PENET.	RANGE
Individual Travel Markets	65.0%	65%-75%	45.0%	69.2%	40.0%-48.5%
Corporate/Commercial	25.0%	25%-35%	20.0%	80.0%	18%-25%
Social/Leisure	40.0%	35%-45%	25.0%	62.5%	20%-30%
Group Markets	35.0%	25%-35%	55.0%	157.1%	50.0%-58.5%
Business Related	10.0%	8%-15%	43.0%	430.0%	38%-45%
Social/Leisure Related	25.0%	17%-25%	12.0%	48.0%	8%-20%
TOTAL	100.0%		100.0%		

Source: HMI

Discussions indicated that the *Market Segmentation* in the chart above for the subject market area is currently heavily weighted toward the Individual Traveler, due to the lack of a single facility with sufficient meeting space and sleeping rooms to handle groups in excess of 400 attendees. A renovated City Center Hotel that would

work in conjunction with the renovated Oshkosh Convention Center and marketed as one facility would generate a shift in the market segmentation as shown in the chart above. The renovated convention center provides the ability to meet and feed groups of 500 or more attendees as well as host social/banquet functions for groups as large as 1,000 attendees in a 15,000 square foot banquet/exhibit hall and ten breakout/conference type rooms. Combined with the attached City Center Hotel's approximate 7,000 square feet of flexible meeting space, this establishes a flexible group meeting space in the relative central portion of the state.

To further define the Market Segmentation of the area, preliminary profiles for each Market Segment were defined. The following outline provides *Market Segmentation Profiles* that correspond with the subject property's projected Market Segmentation.

MARKET SEGMENTATION PROFILES		
	Demand Potential	
	Transient = T Extended = E Group = G	Subject Property Potential
Corporate/Commercial Markets		
Area Companies		
Administration	T, G, E	Average
Sales & Marketing	T, G	Average
Visiting Customers & Clients	T	Average
Human Resources	T, E	Average
Vendors & Suppliers to Local Market	T	Average
UW-Oshkosh		
Recruiting Faculty & Staff	T	Above
Visiting Instructors/Professors	T, E	Above
Administration	T, E	Above
Area Medical	T, E	Average
Meetings and Seminars		
Corporate	G	Above
State Associations	G	Above
Regional Associations	G	Above
UW-Oshkosh --Professional Organizations	G	Above
UW-Oshkosh - UW System Conferences	G	Average
Government	G	Average
Training Groups	G	Average
Convention Center Functions	G	Above
	Potential	Above
Social/Leisure Markets		
Visiting Friends & Relatives	T	Average
US 41 Travelers	T	Below
Area Events & Activities		
EAA Convention	T, G, E	Above
Country USA	T, G, E	Average
Sawdust Days	T, G, E	Average
LiFest	T, G, E	Average
Waterfest Summer Concert Series	T	Above
Area Sites, Activities & Recreation	T	Average
Relocation-Real Estate	T, E	Below
Distressed Social-Interim Housing	T, E	Below
Motorcoach Tours	G	Below
Social, Military, Educational, Religious, Fraternal (S.M.E.R.F.) Groups		
Weddings	G	Above
Reunions	G	Average
Other	G	Average
Association	G	Above
UW-Oshkosh		
Parents & Alumni	T	Above
UW-Oshkosh Visiting Teams & Fans	T, G	Above
	Potential	Average
	Overall Potential	Average

Source: HMI

PROJECTED PROPERTY PERFORMANCE

The following series of charts will show the projected property performance, specifically Occupancy, Average Daily Rates and Projected Revenue, beginning in the first full year of operation, assumed to be 2012 in this case.

Occupancy

The following chart shows the *Projected Occupancy* of the subject property.

PROJECTED OCCUPANCY							
YEAR	PROJECTED MARKET OCCUPANCY			PROJ. MKT. PENET.	PROJECTED HOTEL OCCUPANCY		
	Low	Probable	High		Low	Probable	High
2012	61.2%	64.4%	67.7%	83.0%	50.8%	53.5%	56.1%
2013	64.3%	67.7%	71.0%	91.4%	58.8%	61.8%	64.9%
2014	67.5%	71.0%	74.6%	94.8%	63.9%	67.3%	70.7%

**Projected performance is +/- 5 percentage points and will be affected by changes in Lodging Supply and Demand growth levels used to formulate these projections.*

Source: HMI

Similar demand growth rates as were utilized in the prior projections were still valid and applied for these projections, however, due to the City Center Hotel being more than twice the size (179 rooms versus 80 rooms) of the originally projected proposed new construction, reduced market penetration yields were utilized in this report. The penetration rates for this project were arrived at by first reviewing the potential penetration based on a comparison to the average size of the competition, which was estimated to be 48.5% - 56.8%. Then, due to groups booking two to four years in advance, the projected group rooms were added in on a graduated basis at 70%, 80% and finally in 2014 at 85% of the projected group rooms in the Projected Meeting and Banquet Sleeping Room Usage chart shown later in this report. The maximum amount of the group rooms being added was limited to 85% of the total due to the presumption that a portion of these group rooms were in some form already included in the base occupancy prior to adding in the group rooms. Also, similar supply growth factors as utilized in the original report were applied in this report.

Average Daily Room Rate

The following chart highlights the *Projected Average Daily Room Rate* for the proposed property.

PROJECTED AVERAGE DAILY ROOM RATE			
YEAR PROBABLE	PROJECTED MARKET ADR	PROJECTED MARKET YIELD	PROJECTED SUBJECT PROPERTY ADR*
High	\$94.88		\$94.88
2012	\$90.36	100.0%	\$90.36
Low	\$85.84		\$85.84
High	\$98.68		\$101.14
2013	\$93.98	102.5%	\$96.33
Low	\$89.28		\$91.51
High	\$102.62		\$107.75
2014	\$97.74	105.0%	\$102.62
Low	\$92.85		\$97.49
<p>* Net ADR equals room revenue plus restaurant, lounge, meeting & conference revenue. ** Projected performance is +/- 5 percentage points and will be affected by changes in Lodging Supply and Lodging Demand growth levels used to formulate these projections.</p>			
<p>Source: HMI</p>			

It was felt that the same market ADR growth rates and yields to the market that were discussed in the original report will also be applicable to the City Center Hotel project being reviewed in this report.

As discussed in the prior report, it is felt that the City Center Hotel and Convention Center would compete somewhere between the two middle rate tiers or at the average of the competitive set discussed in the prior report, \$85.68 in today's dollars. This average rate is being held down due to the anticipated higher than normal amount of Wisconsin State Government and University business (i.e. from the UW System and other state related business) and the artificially low state per diem of \$70 per night. This would put it at an ADR in the \$88 to \$94 range when the renovated City Center Hotel is anticipated to reopen in 2012, with an average of \$90.36. This is equal to the projected 2012 ADR for the competitive set of \$90.36 and would yield 100.0% on average. Yields of 102.5% for 2013 and 105% for 2014 were utilized in this report for ADR growth purposes. Once again, these yields have been reduced by as much as 50% due to the high volume of State per diem business that is anticipated with a relatively low rate, currently at \$70. The proposed property is anticipated to charge market rates that are competitive with the Hilton Garden Inn and the other properties that are in that same rate tier as discussed in greater detail in the original report.

FOOD & BEVERAGE

This section will identify and describe the food and beverage components that currently exist at the City Center Hotel and are anticipated to be fully utilized in preparing the resulting performance projections of the renovated City Center Hotel and the existing Convention Center. This indicates that there will be full-service food and beverage facilities at this new facility. The food and beverage revenues to be generated by the meeting/banquet space includes both the approximate 7,000 square feet in the hotel as well as the approximately 18,000 square feet located in the convention center. The projections in this report have been prepared based upon the presumption that the hotel and convention center will be operated as one singular entity and by the same operator.

RESTAURANT AND LOUNGE FACILITIES

At the City Center Hotel, there is a three-meal-a-day restaurant and a separate lounge/bar area, very different from the previously anticipated restaurant and lounge facilities. The restaurant is anticipated to be operated as a flexible facility that will be moderately priced and casual in nature, especially for breakfast and lunch. Dependent upon the final design, it might be desirable to present a casual/formal atmosphere for dinner with white linen being used. The separate lounge/bar area is anticipated to have a fun casual atmosphere, possibly sports-oriented. Depending on the area and the time of day, the primary focus of the restaurant and/or lounge will be to support the hotel guest, the employees in the local downtown area, or both the local residents and the hotel guests. Projections for food and beverage revenue are included.

The focus of the restaurant/bar by meal period recommendations is as follows:

- Breakfast – During the week (focus on corporate guests), a complimentary continental breakfast that is augmented by a hot item menu for sale as a list of cook-to-order breakfast items. Weekends (focus on leisure guests) might only be a for sale breakfast menu with a flat priced breakfast buffet. The focus for this meal period will be hotel guests.
- Lunch – During this meal period, the focus should be on attracting the local business people and those employed in the downtown area. Thus, the need for an affordable and relatively quick lunch should be an option.
- Evening – During this time period, the focus should be on both the hotel guests as well as attracting local residents from the greater Oshkosh area.

The lounge/bar area should be focused to be both a gathering place for hotel guests in the late afternoon or early evening as well as the local guest. Pricing should mainly be in the mid-priced range. Also, outdoor dining on the river-walk area should be offered during the appropriate seasons.

FOOD & BEVERAGE – GROUP MEETINGS

The subject hotel facility should attract a diverse Group Meeting and Banquet market. It is estimated that 40% of the overall Lodging Demand will come from the various Group markets, both Business-related (33.4%) and Social/Leisure-related (6.6%).

The following chart will highlight the banquet/meeting space demand identified from the research performed as it relates to the combined selling of the City Center Hotel and Oshkosh convention Center as "one unit" or facility.

PROJECTED MEETING AND BANQUET SLEEPING ROOM USAGE							
MARKET	# OF ANNUAL FUNCTIONS	% OF BUSINESS	TOTAL # OF ATTENDEES	% OF BUSINESS	PROJ. F & B REV.	# OF SLEEPING ROOMS	% OF BUSINESS
<u>Business Markets</u>							
<i>Corporate</i>	30	20.7%	1,050	5.0%	126,000	2,100	10.1%
(Average = 35 people for 2.0 days at \$60/person/day F&B, Rooms for 2.0 nights)							
- Board Meetings							
- Industry Conferences							
- Team Meetings							
<i>LW System Meetings</i>	20	13.8%	500	2.4%	30,000	750	3.8%
(Average = 25 people for 1.5 days at \$40/person/day F&B, Rooms for 1.0 nights)							
<i>Association Meetings</i>	30	20.7%	7,500	35.7%	900,000	15,000	72.4%
(Average = 250 people for 2.0 days at \$60/person/day F&B, Rooms for 2.0 nights)							
- Annual Meetings							
- Regional Conferences							
- Board meetings							
<i>Other Functions</i>	10	6.9%	250	1.2%	20,000	375	1.8%
(Average = 25 people for 2 days at \$40/person/day F&B, Rooms for 1.5 nights)							
SUB TOTAL	90	62.1%	9,300	44.3%	1,076,000	18,225	87.9%
<u>Social/Leisure Markets</u>							
<i>Weddings</i>	35	24.1%	10,500	50.0%	525,000	1,050	5.1%
(Average = 300 people for wedding at \$50/person F&B, Rooms - 15% require rooms for 1.5 nights - 2.25 people per room)							
<i>Other Functions</i>	20	13.8%	1,200	5.7%	48,000	300	1.4%
(Average = 60 people for function at \$40/person F&B, Rooms - 25.0% require rooms for 1.5 nights - 1.5 people per room)							
- Family Reunions							
- Local Events							
- Sports Teams & Fans	10	6.9%	300	1.4%	N/A	400	1.9%
(Average = 30 people for 1.5 days, Rooms for 2.0 nights)							
- Weddings	10	6.9%	3,000	14.3%	N/A	300	1.4%
(Average = 300 people, 10% require rooms for 1.5 nights, 2.25 people per room, no catering F&B)							
- Alumni/Foundation Events	10	6.9%	600	2.9%	36,000	450	2.2%
(Average = 60 people for function at \$60/person F&B, Rooms - 50.0% require rooms for 1.5 nights - 1.0 people per room)							
SUB TOTAL	55	37.9%	11,700	55.7%	573,000	2,500	12.1%
TOTALS	145	100.0%	21,000	100.0%	\$1,649,000	20,725	100.0%
Source: HMI							

As indicated in the chart above and similar to the original report, there is a wide variety of demand sources to tap into for the Group business for the City Center Hotel and Convention Center. This will produce an anticipated almost 42.0% of the total Lodging Demand that is Business Group related and is driven by multiple factors. First, the combination of a quality full-service hotel adjacent to and connected to the Oshkosh Convention Center combined with the relatively central to east central location within the state provides a convenient location for state association meetings. Next are the corporations in the area such as Bemis, Oshkosh and Kimball and their need for training, sales and board meetings as well as possible industry related meetings. This is followed closely by both the UW System meeting business and as believed to conservatively be approximately twenty meetings (which one must remember will be on a state per diem, limiting what can be charged for food and beverage as well as the room rate) as well as the potential from all the professional organizations which the UW-Oshkosh faculty and staff are members of and were discussed in greater detail in the original report.

As discussed in the prior report, the Oshkosh Convention Center is the only function space capable of handling either social or business related functions with 500 or more attendees in the greater Oshkosh area. Its drawback is that it is currently lacking quality hotel rooms adjacent to it; the proposed renovation of the City Center Hotel as considered in this report would alleviate this issue.

PROJECTED FOOD & BEVERAGE REVENUE

The following chart indicates the projected total food and beverage revenues for the City Center Hotel and the Oshkosh convention Center.

PROJECTED FOOD & BEVERAGE REVENUE						
YEAR	PERCENT OF HOTEL SALES	PROBABLE F&B YIELD	TOTAL FOOD & BEVERAGE	FOOD	BEVERAGE	OTHER
2012	39.9%	142.9%	\$2,097,817	\$1,366,020	\$341,505	\$390,291
2013	42.4%	151.8%	\$2,867,702	\$1,867,341	\$466,835	\$533,526
2014	39.4%	140.8%	\$2,929,316	\$1,907,462	\$476,865	\$544,989
* Projected performance is +/- 5 percentage points and will be affected by changes in Projected Occupancy or Projected ADR.						
Source: HMI						

Similar to the process discussed in the original report, the total breakdown of the total Food and Beverage Revenues for the renovated City Center Hotel and Convention Center were arrived at by using the industry average per the 2009 Smith Travel Research Host Report, which reported that on average, Food Sales were 18.2% of Total Hotel Revenues, Beverage Sales were 4.6% and Other F&B Sales were 5.2%

of total Hotel Revenues, totaling 28.0%. Due to the focus on Group business combined with the additional focus on "state" related business and the limitations on room rates (the current per diem is at \$70 compared to a market average ADR of \$85) the resulting Food & Beverage revenues for the subject property are projected at 39.9% (11.1 percentage points higher than the average of 28.0%) of Total Hotel Revenues in the first full year of operations, which would be 2012, reducing to 39.4% in 2014, the third year of operations, as seen in the chart above.

In addition to the projected banquet and catering revenues presented earlier, food and beverage revenues purchased by the guests during meal periods were also projected. The projections in this report anticipate an average check for breakfast for sale items of \$8.00, \$10.00 for lunch and \$18.00 for dinner as well as \$10.00 in drinks during the evening at a limited bar area. Also, it was anticipated for projection purposes that 15% of the occupied non-group rooms would purchase breakfast items, 10% would purchase lunch items, 35% would purchase dinner items and 60% would purchase some form of drinks. Also, a 2.5% inflation rate was applied to the 2010 base amounts in arriving at the future food and beverage amounts as well as a 105% yield was anticipated to the industry norms as in the prior report.

An amount of food and beverage sales for non hotel guests (i.e. office employees in the immediate market area for lunch or area residents having dinner in the restaurant) is also included in the food and beverage projections included in this report. By the third year of operation, this equated to an estimated \$432,890 in food and beverage sales or 42 guests per day at an overall average check of \$28.20 of food and beverage.

One source of food and beverage revenues was not included in the projections included in this report, the food and beverage sales that would be generated from "local" or daily type of functions that would occur in the convention center such as car shows, craft fairs and camping/vacation shows. No data was available to project these revenues at the time of the writing of this report.

PROJECTED TOTAL REVENUE

The following chart depicts the *Projected Total Revenue* established in this report. The Probable Room Revenues are based upon the Occupancy and Average Daily Room Rates established in this report. The Total Food & Beverage Revenues are based upon the information discussed previously in this report.

PROJECTED TOTAL REVENUE					
YEAR	PROBABLE ROOM REVENUE	TOTAL FOOD & BEVERAGE	TOTAL REVENUE	NET ADR	NET RevPAR
2012	\$3,156,003	\$2,097,817	\$5,253,820	\$150.43	\$80.41
2013	\$3,892,070	\$2,867,702	\$6,759,772	\$167.30	\$103.46
2014	\$4,513,032	\$2,929,316	\$7,442,349	\$169.23	\$113.91
* Projected performance is +/- 5 percentage points and will be affected by changes in Projected Occupancy or Projected ADR.					
Source: HMI					

PROPERTY RECOMMENDATIONS

The following *Property Recommendations* were based upon the research conducted for this report.

Property Type

The renovated City Center Hotel operated as one unit with the Oshkosh Convention Center should be marketed as a mid-priced to upscale full-service hotel designed to compete for both statewide and regional association business as well as the demand attracted to the existing Hilton Garden Inn. This would easily facilitate the meeting/banquet needs of both the UW-Oshkosh generated demand as well as the locally generated corporate and social demand. This is similar in Lodging Demand focus to the property type discussed in the prior report.

Both the renovation of the City Center Hotel and its operation should be planned with the providing of at least a "three star" hotel with the perception of a "four star" level of service. Discussions with the Oshkosh Convention and Visitors Bureau strongly indicated that to achieve the projected group nights, a high quality hotel must be created through the renovation.

Similar to the original report, it is estimated that the subject hotel will generate 55% of its Lodging Demand from the Group market and 45% of the Lodging Demand will come from the traditional transient Corporate/Commercial and Social/Leisure markets in the area.

Property Amenities

Recommended *Property Renovation Amenities* should be compatible with a full-service meeting and conference focused hotel as well as the brand affiliation selected for the property.

Similar to the discussion in the original report, in offering a competitive facility to attract meeting groups, the meeting space needs to assure that it is state-of-the-art and should be comparable or even superior to those facilities at the primary competitive set. The requirements set by the International Association of Conference Centers should be reviewed and addressed where possible. If this is not possible, then special attention should be given to both lighting and sound to assure that these features are "state-of-the-art". This will help the hotel position itself as the premier meeting facility in the market area and in attracting corporate, professional associations, UW System, government and association groups. The topic of being technologically "state-of-the-art" with technicians on call came up several times in the all campus surveys that were conducted.

It is suggested that some form of a shuttle service be considered to provide transportation to the Appleton Regional Airport as well as to the numerous facilities/locations on campus, especially during inclement weather.

Additionally, it is recommended that the usual recreational/exercise facilities that the leisure market typically expects as well as what may be required by a "brand" be considered, especially if these facilities are not available to guests via the use of UW-Oshkosh campus located facilities.

Sleeping Room Configuration

The recommended *Sleeping Room Configuration* should be compatible with the overall Market Segmentation for the area for this property.

- Given the fact that the property will have a high amount (55% or more) of Group oriented business, approximately 50% or more of the rooms should be configured as double queen rooms that will serve both the Corporate/Commercial and the Social/Leisure markets.
- Approximately 20% - 25% of the rooms should be configured as king-bedded rooms to focus on the Corporate/Commercial traffic.
- Additionally, some king-bedded rooms need to have sleeper sofas for Social/Leisure and family traveler use. Having some whirlpool suites (maximum of ten percent), would be suggested.
- A few rooms (up to 5%) could be configured as extended-stay type rooms or suites with microwave ovens and reasonably sized refrigerators. This is recommended since there currently is no true extended-stay hotel in the

Oshkosh market area.

While these are the recommended room configurations, a primary factor in determining the room configurations will be the size of the existing rooms and what works based on them.

Brand Affiliation

It would be suggested that *Brand Affiliation* be considered for this hotel, which would enhance the marketability of it. Potential/possible brands would include:

- Clarion Hotels – Choice Hotels International
- Radisson Hotels – Carlson Hotels Worldwide
- Best Western – Best Western International
- Doubletree Hotels – Hilton Hotels, International
- Four Points – Sheraton/Starwood Hotels
- Holiday Inn Select – IHG, Intercontinental Hotel Group
- Crowne Plaza Hotels - IHG, Intercontinental Hotel Group

Also, as evidenced by certain listings above, it may be appropriate to name the property based upon a local or UW-Oshkosh meaning with a national affiliation. This concept has worked at other major universities and should be explored. The brand/affiliation should be appropriate to the targeted markets for the subject hotel, such as the mid-priced to upscale Group oriented and Individual Corporate/Commercial travelers.

Room Rate Strategy

The recommended *Room Rate Strategy* for this property should be compatible with the attainment of the Average Daily Room Rate projections indicated in this report. Seasonality of Room Rates will also need to be a consideration at this property. Given the Average Daily Room Rate research performed and projections established in this report, it appears that this property could compete with the hotels currently in the \$95.00 to \$105.00 ADR range for non-state per diem business, but at a much lower rate in the \$70 -\$80 range for state per diem business, dependent upon how much and if it is raised from the current level of \$70. During slower demand periods, the hotel will need rate flexibility to attract demand. Analysis of competitive room rate structures needs to be performed in establishing room rates that will obtain the Average Daily Room Rates projected in this report.

Opening Date

A recommended *Re-Opening Date*, based upon the Seasonality of Lodging Demand, would indicate that a re-opening in late winter/early spring would be recommended. This would correlate with the improvement of Lodging Demand in the market on a seasonal basis and the opportunity to maximize revenue prior to entering the softer, off-season months beginning in November.

Phase III Assumptions – January 1, 2012
UW Oshkosh City Center Hotel & Convention Center
October, 2010

1. This proforma is a projection of how the City Center Hotel, renovated to a mid-priced to lower upscale quality hotel, will perform when operated and marketed with the Oshkosh Convention Center as one unit. It reflects the revenue and profit results of the two facilities as if they were one full-service hotel with 179 rooms, a three-meal-a-day restaurant, a separate lounge/bar and approximately 25,500 square feet of combined banquet and meeting space.
2. The review of the Oshkosh market area, as well as the results in the Comprehensive Market Study completed by HMI in July, 2010 were utilized as the basis for the projections included in this report. The conclusions reached in that report were utilized to formulate the revenue projections included in this proforma by allowing for anticipated changes in yields to the market area performance due to the project now encompassing a different physical facility as previously described in No. 1 above. Similar rates of growth for lodging demand and ADR as discussed in the original report were anticipated to be valid for these projections.
3. In this Operational Proforma, it is anticipated that the City Center Hotel will operate as a mid-priced to upscale full-service hotel with the appropriate expense rates being utilized. This is contrary to the Phase II Comprehensive Market Study completed in July, 2010, which indicated that the proposed 80-room hotel and conference center would be operated as a mid-priced limited-service to select-service hotel with appropriate expense rates being utilized.
4. It has been presumed in this proforma that a flag/branding is being contemplated for the operation of the renovated City Center Hotel and will be a known regional or national hotel brand that will complement the significant amount of meeting space that is now part of the project with the appropriate expenses being included in this proforma.
5. For the purposes of this report, it is assumed that the first full operating year of the anticipated renovated City Center Hotel combined with the Oshkosh Convention Center will be 2012.
6. Other Revenues includes such areas as guest laundry, movie rentals, parking and vending machine sales. It also includes income from the rental of space for business purposes and any concessions. Industry norms are provided in the Smith Travel Research Host Study (STRHS). Seven areas were reviewed ranging from \$6.49 for Mid-Priced Hotels to \$23.19 for Small Metro Areas. However, it was felt that in this case, the most appropriate two areas were the East North Central Area (\$11.45) and Mid-Priced Hotels (\$6.49), and these were utilized in arriving at the projections for Other Revenues.
7. Due to the increase in the number of sleeping rooms (from 80 to 179) and the increase in banquet/meeting space (from 7,500 to 25,500 square feet), the yields to the market area performance were reviewed for this new project resulting in occupancies being utilized in this Operational Proforma that differ from those projected in the Comprehensive Market Study Report prepared by Hospitality Marketers International, Inc., dated July, 2010.
8. It was felt that the ADR rates utilized in this Operational Proforma are those projected in the Comprehensive Market Study Report dated July, 2010 and would be appropriate to use for this new facility.
9. Departmental profit margins as well as departmental expense calculations utilized in the Operational Proforma were based upon industry norms and provided in the Smith Travel Research Host Study (STRHS). Areas included in arriving at the average of the data provided included Full-Service Hotels U.S., Chains, Independents, East North Central, Small Metro, and 150 – 300 Rooms.

10. Food & Beverage revenue projections for this full-service hotel were discussed previously in this report and differ from those presented in the Comprehensive Market Study prepared by Hospitality Marketers International, Inc., dated July, 2010 due to the prior projections being for a select-service hotel. Total F&B Revenues in this proforma are 37.1% in the third full year of operation, compared to an industry average of 28.6%. This difference (8.5% points) could be due to the nature of a convention center and the strictly local food & beverage related events that can occur and will generate minimal room nights as well as the area residents that will frequent the restaurant and lounge during lunch and dinner. Also contributing to this is the relatively low per diem room rate for state related business which is believed to have limited the room revenues due to this demand being estimated at up to ten percent of the projected group rooms business.
11. Due to the expectation that the City Center Hotel will be fully renovated and like a new hotel, the Property Operations and Maintenance in the first year is less than the industry norms and builds up to the norm by year three. Also, regular repairs and maintenance of the Oshkosh Convention Center are anticipated, however, major/capital expenditures for the convention center are not. Any unusual repairs required by the Convention Center that are unique to it have not been accounted for in these projections.
12. The cost of utilities in this report are based upon the industry standards for a full-service hotel referenced previously in this report. Any variance from these due to the nature of the Convention Center have not been taken into account in these projections due to the lack of specific information being provided to this consultant regarding historic utility costs of the Convention Center.
13. The hotel will provide free local phone call service to guests.
14. The Comprehensive Market Study referred to previously suggests some form of affiliation with a national franchise/flag. Since no specific flag has been identified at this time, a staging of the rates (3% of rooms revenue in 2012, 4% in 2013 and 5% in all future years) typically charged by the brands previously referenced in this report were utilized in this proforma. It was assumed in these projections that, per industry practice, any national marketing/advertising charges related to the chosen franchise are included in the Sales & Marketing Department costs. Also, similarly, any franchise related reservation costs/fees are included in Rooms Department costs.
15. To help assure a successful opening of the hotel, higher than industry norms in Sales & Marketing are projected in the early years. These costs were increased initially by an additional 1.5 percentage points above the average of the STRHS average. The STRHS marketing amount includes any marketing fees and national advertising amounts paid to a franchise company. The stabilized year rate of 7.0% utilized in this report is the industry average and was felt appropriate for the stabilized period of operation.
16. In the Operational Proforma, the projected Gross Operating Profit (GOP) in the third full year of operation (2014) at 27.04% is slightly lower than the industry average of 32.1%. The primary reason for this 5.0 percentage point difference is due to the Franchise Fees being included in the calculation of GOP, where it is not in the STRHS average. The range for full-service mid-priced styled hotels was from 24.6% for Small Metro Hotels to 35.3% for Chain Affiliated hotel properties.
17. The expense rate utilized in this Proforma for Management Fees was 3.2%, the STRHS industry average. The range was from 2.8% for Small Metro Areas to 3.4% for Chain Affiliated Hotels as well as for those located in the East North Central Region.
18. Real and personal property taxes were based upon industry norms.

DISCLAIMER

The decisions presented herein were based upon the information available and received at the time this report was compiled. Hospitality Marketers International, Inc., (HMI) has taken every possible precaution to evaluate this information for its completeness, accuracy and reliability. To the best of its knowledge, HMI feels the information and decisions presented herein are sound and reliable.

At the present time of this report, the United States and world economies are in a major recessionary period. The results of this recession have had significant effects on the economy and social attitudes of the United States. This recession has also altered normal travel patterns by various market segments generating potential Lodging Demand. At the time of the writing of this report, the United States travel industry, and specifically the hotel industry, are still adjusting to and potentially recovering from this recession. The actual long-term results of the recession are still uncertain. There are expectations that the United States will ultimately recover from these events and their effects on the economy and society. There are further expectations that some travel patterns could be changed indefinitely. This report will look at historical trends prior to these significant events. Performance since the start of the recession to the time of this report will also be reviewed and will attempt to factor the effects of these events into the future projections and conclusions presented in this report. Given the present state of uncertainty, HMI is not responsible for effects that occur from future political, economic or social events that ultimately alter these projections. These events should be monitored accordingly and potentially the results of this report may require updating to respond to future events.

Management

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Hotel Service Network

Also, it should be understood that normal economic and marketplace conditions change constantly. HMI assumes no responsibility for information that becomes outdated once this report is written; nor is it responsible for keeping this information current after October, 2010.

It should be understood that the results presented in this report are the professional opinion of HMI and are based upon the information available at this time. These opinions infer proper and professional management of the business operation. The opinions also infer that market conditions do not change the information received upon which those opinions have been based. HMI assumes no responsibility for changes in the marketplace.

Furthermore, it is presumed that those reading this report completely understand its contents and recommendations. If the reader is unclear of the understanding of the contents, clarification should be received from its writer, HMI.

Lastly, HMI assumes that those who receive this study act in accordance with its recommendations. Any deviation from these recommendations is solely the responsibility of those receiving this report.

Further questions concerning this report should be directed to HMI.

Sincerely,
HOSPITALITY MARKETERS INTERNATIONAL, INC.

Gregory R. Hanis

Gregory R. Hanis, ISHC
President

Michael R. Hool

Michael R. Hool, CPA, ISHC
President, SHR
A HMI Network Representative

The attached Development Budget and Operating Proforma has been developed utilizing data from the HMI study and shows performance of the project without TIF assistance.

DR4FT

	2013				2014				2015				2016				2017			
	Amount	%	PAR	POR	Amount	%	PAR	POR	Amount	%	PAR	POR	Amount	%	PAR	POR	Amount	%	PAR	POR
Number of Available Rooms	64,240				64,240				64,240				64,240				64,240			
Rooms Occupied	28,908				34,047				38,544				38,544				38,544			
Occupancy %	45.00%				53.00%				60.00%				60.00%				60.00%			
ADR	\$90.00				\$94.00				\$98.00				\$100.45				\$102.96			
RevPAR	\$40.50				\$49.82				\$58.80				\$60.27				\$61.78			
ADR Growth																				
	Amount	%	PAR	POR	Amount	%	PAR	POR	Amount	%	PAR	POR	Amount	%	PAR	POR	Amount	%	PAR	POR
Revenues																				
Rooms	2,601,720	51.00%	40.50	90.00	3,200,437	47.39%	49.82	94.00	3,777,312	47.77%	58.80	98.00	3,871,745	47.77%	60.27	100.45	3,968,490	47.77%	61.78	102.96
Food & Beverage	2,475,000	48.51%	38.53	85.62	3,525,000	52.20%	54.87	103.53	4,100,000	51.85%	63.82	106.37	4,202,500	51.85%	65.42	109.03	4,307,500	51.85%	67.05	111.76
Other Food & Beverage	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0	0	0.00%	0.00	0.00
Telephone	25,000	0.49%	0.39	0.86	27,500	0.41%	0.43	0.81	30,000	0.38%	0.47	0.78	30,800	0.38%	0.48	0.80	31,500	0.38%	0.49	0.82
Other Operating Depts.	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0	0	0.00%	0.00	0.00
Total Revenues	5,101,720	100.00%	79.42	176.48	6,752,937	100.00%	105.13	198.95	7,907,312	100.00%	123.09	205.15	8,105,045	105.45%	126.17	210.28	8,307,591	100.00%	129.33	215.55
Department Expenses																				
Rooms	832,600	16.32%	12.96	28.80	928,100	13.74%	14.45	27.26	1,019,900	12.90%	15.88	26.46	1,045,400	12.90%	16.27	27.12	1,071,500	12.90%	16.68	27.80
Food & Beverage	1,732,500	33.96%	26.97	59.93	2,379,400	35.24%	37.04	69.89	2,665,000	33.70%	41.49	69.14	2,731,600	33.70%	42.52	70.87	2,799,500	33.70%	43.58	72.64
Telephone	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0	0	0.00%	0.00	0.00
Other Operating Depts.	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0	0	0.00%	0.00	0.00
Total Expenses	2,565,100	50.28%	39.93	88.73	3,307,500	49.08%	51.49	97.14	3,684,900	46.60%	57.36	95.60	3,777,000	46.60%	58.81	98.00	3,871,400	46.60%	60.26	100.44
Total Department Profits	2,536,620	49.72%	47.53	87.75	3,445,437	51.02%	53.64	101.21	4,222,412	53.40%	65.73	109.55	4,328,045	53.40%	67.36	112.28	4,436,191	53.40%	69.06	115.10
Overhead Expenses																				
Administrative & General	510,200	10.00%	7.94	17.65	607,800	9.00%	9.46	17.85	652,600	8.00%	9.85	16.41	649,400	9.00%	10.09	16.82	664,600	9.00%	10.35	17.24
Sales and Marketing	306,100	6.00%	4.76	10.59	337,600	5.00%	5.26	9.92	316,300	4.00%	4.92	8.21	324,200	5.05	5.05	8.41	332,300	7.00%	5.17	8.62
Property Operations & Maint.	204,100	4.00%	3.18	7.06	303,900	4.50%	4.73	8.93	355,800	4.50%	5.54	9.23	364,700	5.00%	5.68	9.46	375,800	5.00%	5.82	9.70
Energy	350,000	6.86%	5.45	12.11	375,000	5.55%	5.84	11.01	400,000	5.06%	6.23	10.38	412,000	4.70%	6.41	10.69	424,400	4.70%	6.61	11.01
Franchise Service Fees	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0	0	0.00%	0.00	0.00
Franchise Royalty Fees	156,100	3.06%	2.43	5.40	192,000	2.84%	2.99	5.64	226,600	2.87%	3.53	5.88	232,300	0.00%	3.62	6.03	238,100	2.95%	3.71	6.18
Total Overhead Expenses	1,526,500	29.92%	23.77	52.80	1,816,300	26.90%	28.27	53.35	1,931,300	24.42%	30.06	50.10	1,981,600	25.70%	30.85	51.41	2,033,200	28.65%	31.65	52.73
Gross Operating Profit	1,010,120	19.80%	23.76	34.95	1,629,137	24.12%	25.37	47.86	2,291,112	28.97%	35.66	59.45	2,345,444	28.95%	36.52	60.87	2,402,991	28.93%	37.41	62.36
Fixed Expenses																				
Insurance	51,000	1.00%	0.79	1.76	67,500	1.00%	1.05	1.98	79,100	1.00%	1.23	2.05	81,000	1.10%	1.25	2.10	83,100	1.10%	1.29	2.16
Property Taxes	185,000	3.63%	2.88	6.40	256,900	3.51%	3.69	6.96	261,200	3.30%	4.07	6.78	269,000	3.30%	4.19	6.98	277,100	3.30%	4.31	7.19
Other	62,500	1.23%	0.97	2.16	92,500	1.37%	1.44	2.72	107,500	1.36%	1.67	2.79	110,200	0.00%	1.72	2.86	112,900	0.00%	1.76	2.93
Total Fixed Expenses	298,500	5.85%	4.66	10.32	396,900	5.88%	6.18	11.66	447,800	5.66%	6.97	11.62	460,200	4.40%	7.16	11.94	473,100	4.40%	7.36	12.27
Reserve for Replacement	102,000	2.00%	1.59	3.53	202,600	3.00%	3.15	5.95	316,300	4.00%	4.85	8.21	324,200	4.00%	5.05	8.41	332,300	4.00%	5.17	8.62
EBITDA before Management Fees	609,620	11.95%	9.49	21.09	1,029,637	15.25%	16.03	30.24	1,527,012	18.64%	22.58	39.62	1,582,044	19.00%	24.32	40.53	1,597,591	19.35%	24.87	41.45
Management Fees																				
Base Fee	153,100	3.00%	2.38	5.30	202,600	3.00%	3.15	5.95	237,200	3.00%	3.69	6.15	243,100	3.20%	3.78	6.31	249,200	3.20%	3.88	6.47
Leasehold Improvements Fee	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0	0	0.00%	0.00	0	0	0.00%	0.00	0.00
Incentive Fee	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0	0	0.00%	0.00	0.00
Total Operator Fees	153,100	3.00%	2.38	5.30	202,600	3.00%	3.15	5.95	237,200	3.00%	3.69	6.15	243,100	3.20%	3.78	6.31	249,200	3.20%	3.88	6.47
Asset Management Fee	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0	0	0.00%	0.00	0.00
Total Management Fees	153,100	3.00%	2.38	5.30	202,600	3.00%	3.15	5.95	237,200	3.00%	3.69	6.15	243,100	3.20%	3.78	6.31	249,200	3.20%	3.88	6.47
Net Operating Income	456,520	8.95%	7.11	15.75	822,037	12.18%	9.76	18.42	1,089,812	13.78%	13.86	28.27	1,118,244	13.82%	17.41	29.65	1,148,391	13.95%	17.98	29.76
Debt Service (10.5M @ 5% - 20 yrs)	831,544	16.30%	12.94	28.77	831,544	12.31%	12.94	24.42	831,544	10.52%	12.94	21.57	831,544	10.26%	12.94	21.57	831,544	10.01%	12.94	21.57
Net Cash Flow	(375,024)	-7.35%	-5.84	-12.97	(209,507)	-3.09%	-3.18	-6.01	258,268	3.27%	4.02	6.70	287,400	3.55%	4.47	7.46	316,848	3.81%	4.93	8.22
Debt Coverage Ratio	0.55				0.75				1.31				1.35				1.36			

APPENDIX C

ATTORNEY'S OPINION

CITY HALL
215 Church Avenue
P.O. Box 1130
Oshkosh, Wisconsin
54903-1130

City of Oshkosh



City Attorney's Office
Phone: (920) 236-5115
Fax: (920) 236-5106
<http://www.ci.oshkosh.wi.us>

October 12, 2011

Darryn Burich
Director of Planning Services
City of Oshkosh
215 Church Avenue
Oshkosh, WI 54903-1130

Dear Mr. Burich:

I have reviewed the project plan for City of Oshkosh Tax Increment District # 25 City Center Hotel Rehabilitation, pursuant to Section 66.1105(4)(f) of Wisconsin Statutes. I find that the plan includes a statement listing the kind, number, and location of proposed public improvements. It also shows an economic feasibility study, a detailed list of estimated project costs, and a description of the method of financing all estimated project costs, and the time when the costs are to be incurred. The plan contains maps of existing and proposed uses and zoning of the real property in the district and a map showing proposed improvements in the district. The plan further shows that the district will promote the orderly development within the City, which is consistent with the City's Comprehensive Plan (Master Plan), building codes and other city ordinances in relation to project elements.

Upon adoption of the project plan by the Plan Commission and their submission to the City Council, all requirements of Section 66.1105(4)(f), Wisconsin Statutes, shall be complete and it is, therefore, my opinion that the project plan attached hereto is complete and complies with Sec. 66.1105, Wis. Stats.

Sincerely,
CITY OF OSHKOSH

Lynn A. Lorensen
City Attorney

LL/cm



APPENDIX D

**PLAN COMMISSION RESOLUTION
AND
MINUTES**

CITY OF OSHKOSH PLAN COMMISSION
RESOLUTION #11-01

APPROVE TAX INCREMENT DISTRICT #25
CITY CENTER HOTEL REHABILITATION
REDEVELOPMENT PROJECT

October 18, 2011

WHEREAS, on OCTOBER 18, 2011, the City of Oshkosh Plan Commission held a public hearing on proposed City of Oshkosh Tax Increment District #25 – City Center Hotel Rehabilitation Project Plan and the proposed boundaries thereof; and

WHEREAS, such public hearing was properly noticed in the City's official newspaper, and a copy of such notification was properly transmitted to all entities having the power to levy taxes on property in the District; and

WHEREAS, such public hearing afforded all interested parties an opportunity to express their opinions on proposed Tax Increment District #25; and

WHEREAS, the Plan Commission finds adoption of TID #25 is consistent with the City of Oshkosh Comprehensive Plan; and

WHEREAS, the Plan Commission has caused the preparation a project plan for Tax Increment District #25 that is in compliance with Section 66.1105(4)(f) of the Wisconsin Statutes; and

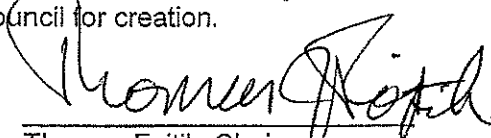
WHEREAS, the Plan Commission affirms the following findings of Tax Increment District #25:

- 1) Not less than 50 percent of the real property within the TID is blighted within the meaning of Section 66.1105(2)(a), Wis. Stats; and
- 2) Not less than 50 percent of the structures within the TID are in need of rehabilitation within the meaning of Section 66.1337(2m)(a), Wis. Stats; and
- 3) The project costs relate directly to eliminating blight and in rehabilitating the area; and
- 4) Improvement of the area is likely to significantly enhance the value of substantially all of the other real property in the district; and
- 5) The project plan is feasible and in conformity with the City's Comprehensive Plan; and
- 6) The equalized value of taxable property in TID #25 plus all existing Districts does not exceed 12% of the total equalized value of taxable property within the City.

NOW THEREFORE BE IT RESOLVED that the Plan Commission of the City of Oshkosh hereby declares Tax Increment District #25 City Center Hotel Rehabilitation as a blighted area district; and

BE IT FURTHER RESOLVED that the Plan Commission of the City of Oshkosh hereby approves Tax Increment District #25 – City Center Hotel Rehabilitation Project Plan and Boundaries, as described in "Exhibit A"; and

BE IT FURTHER RESOLVED, that Tax Increment District #25 – City Center Hotel Rehabilitation is recommended to the City of Oshkosh Common Council for creation.


Thomas Fojtik, Chairperson

II. PUBLIC HEARING ON TAX INCREMENT DISTRICT #25 CITY CENTER HOTEL REHABILITATION

The UW Oshkosh Foundation and the owners of WHG Companies have entered into a partnership identified as Oshkosh Investors LLC and plan to collaborate in owning and managing the property currently known as City Center Hotel. Plan Commission is being asked to approve the project plan and boundaries for Tax Increment District #25 City Center Hotel Rehabilitation. As part of the TID creation process, a public hearing must be held before the Plan Commission where interested parties may express their views on the proposed TID.

The partnership is proposing a \$9.5 million redevelopment project and is requesting the City to create a tax increment financing district to provide a development assistance grant to help offset overall development costs. The amount of requested city TIF equity participation in the project is \$2 million and is further requested as an up front development assistance grant (DAG). In addition to the DAG, public improvements involving construction of the riverwalk with boat docks and improving public access to the hotel from the skywalk and parking ramp are included as well as administrative costs to the City for implementing the project plan. Total anticipated TIF project costs are identified at \$11,150,000 with TIF contributing \$3,000,000.

Mr. Burich presented the item and reviewed the site and proposed boundaries for TID #25 as well as the surrounding area, the land use in said area, the proposed improvements, and the project plan summary including various costs, financing, purpose and feasibility of the proposed TID. He also reviewed the findings to be affirmed by the Plan Commission when considering approval of a TID and described the definition of blight in various forms.

Chairperson Fojtik opened the public hearing on TID #25 for comments. There was no one present to comment therefore the public hearing was closed.

Ms. Propp questioned when the existing TID closed on this property.

Mr. Burich responded that the previous TID closed in 2006 or 2007.

Mr. Hinz inquired about the estimated fair market value decreasing from 1.9 million to 1 million by next year, if the parking ramp was included in the TIF district, and the impact on other businesses in the area since the last TIF was created.

Mr. Burich replied that the drop in fair market value was anticipated due to its current condition and the potential for that condition to change as of January 1, of 2012. The parking ramp was not included as part of the TIF district however costs could be included in the surrounding area. As far as the impact on other businesses, since the bank took back possession of the property and sold it a few years ago, it has not been operating to full capacity creating a negative impact on the Convention Center and the downtown in

general. There are currently significant costs associated with the renovation of the property.

Mr. Cummings added that the hotel has been consistently mismanaged and not properly marketed for many years.

Wendy Hielsberg of the Convention and Visitors Bureau stated that the hotel was a Radisson in 1991 and changed to the Park Plaza Hotel in 1999 at which time it lost its flag and removed the quality standards it possessed when it was a Radisson establishment which was the beginning of the demise of the property.

Mr. Cummings added that in 1987 or 1988, the hotel hired an out of state manager who had a lack of resources to properly manage the property.

Mr. McHugh commented that the hotel owner used to provide \$40,000 per year toward the maintenance of the Convention Center and questioned what component was in this plan to address this arrangement.

Mr. Burich responded that this component was not part of the TID #25 project plan.

Lynn Lorensen, City Attorney, added that the cost of the Convention Center will be dealt with through an operations agreement with the hotel owner at a later time and is not part of the approval of the TID plan.

Mr. Thoms questioned if the TIF was based on incremental values, if the property value would go up before January, 2012, how it affects the project. He also inquired if the costs to improve the skywalk and parking ramp would be an amendment to the proposed TIF or if the funding would come out of the Capital Improvement Program.

Mr. Burich replied that there is room to account for it in the Developers Assistance Grant and would like to have funds available to help offset the riverwalk expenses but would at least have enough to cover the developer's improvement costs. The skywalk and parking ramp would be considered public access improvement costs which could be supported by the TIF or other funding sources.

Ms. Lohry inquired if the building was structurally sound and if it required inspection prior to the approval of the TIF.

Mr. Burich indicated that the interior and finishes require renovation however the foundation and building appear to be structurally sound. Building permits will be required to be issued when renovations commence but no initial inspection was necessary at this point as the city is well aware of its current condition.

Mr. Fojtik questioned who determines what is considered the definitions of blight.

Mr. Burich responded that it is determined by the community and varies from one community to another. There is not a set standard or format of blight conditions for all communities.

Mr. Nollenberger inquired if a definition of blight has been set in Oshkosh in the past.

Mr. Burich replied that the city has not adopted an official blight definition but has followed the general standards in the statute in determining blight.

Mr. Cummings stated that he felt the property qualified as blighted as he had contacted the city twice in the past year regarding the condition of the property.

Mr. Thoms questioned if state statutes include these types of indicators in their definitions of a blighted area.

Mr. Nollenberger requested an opinion from the City Attorney on the matter.

Ms. Lorensen explained that state statutes do not define specific tests for the definition of a blighted property but rather require the Commission to apply their experience and understanding to the terms used in the context of the community. To assure that the City was reasonably interpreting the definitions related to blight, the City looked at the past decisions related to blight within the City and to the application of these terms in other municipalities.

Mr. McHugh commented that the 100 block of Main Street TIF that was created had to be absorbed by taxpayers due to the devaluation of the property and questioned what guarantees that this does not happen again with this proposed TIF.

Mr. Burich responded that there could be a minimum assessment agreement included in the developer's agreement for this proposal and that mechanism was not present in the 100 block TIF nor was there a provision to prevent the property owner from appealing the assessment.

Mr. Thoms asked to clarify #4 in the affirmations of the Plan Commission regarding enhancing the value of all the real property in the district.

Mr. Burich confirmed that the only parcel affected by this affirmation would be the hotel property so the value will increase.

Motion by Nollenberger to approve the Tax Increment District #25 City Center Hotel Rehabilitation as requested.

Seconded by Bowen.

Ms. Propp commented that she felt this was one of the most important things done in many years and its impact was very relevant to the downtown area.

Mr. Bowen stated that the Plan Commission's responsibility was to consider what is presented is case in fact and that it meets the #6 criteria listed in the affirmations and past TIF projects should not be considered as part of this decision.

Mr. Thoms commented that the property is a viable working hotel and the Convention Center is vital to the community and he felt that the definitions of a blighted property were adequately satisfied as the property was having a negative impact on the city.

Mr. McHugh stated that the original intention of TIF districts was for infrastructure and the remodeling of the interior of the hotel was moving in the wrong direction. He felt that is was a two million dollar gift to the developers and should not be approved.

Mr. Hinz commented that it was a tough balancing act and he was rather torn on a decision as the Plan Commission was to look at it from a planning perspective only.

Mr. Thoms stated that TIF district's were not for infrastructure only but were also utilized for business development. This project is an investment in the city as it is a partnership with the hotel and Convention Center and would assist in raising equity for the developer to secure financing which would help the project move forward. He considered the hotel and Convention Center a package that worked together.

Mr. Cummings commented that the community at large was in favor of this project and he felt a proactive move was necessary in this case.

Ms. Lohry stated that she was troubled by the fact that money could be found to support this project however funding was not available to maintain the swimming area at County Park.

Mr. McHugh commented that millions of dollars were spent in the past for TIF projects that resulted in the creation of low income housing.

Mr. Hinz inquired if the last TIF for the hotel area was considered successful.

Mr. Burich indicated that it was successful at one time prior to the changes in ownership and subsequent lack of investment into the property.

*Motion carried 8-1. Ayes-
Bowen/Thoms/Fojtik/Cummings/Propp/Lohry/Vajgrt/Nollenberger. Nays-Hinz.*

EXHIBIT A

That part of lots 1 through 11 in Moore's Subdivision and vacated Marion Street, all part of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 24, Town 18 North, Range 16 East, City of Oshkosh, Winnebago County, Wisconsin which is bounded and described as follows; commencing at a point North 00-50-59 East of the Northeast corner of Lot 1 of Moore's Subdivision 28.00 ft., thence North 89-25-39 West 153.00 ft to a point, thence South 49-02-31 West 42.23 ft. to a point, thence North 89-25-39 West 10.00 ft. to a point, thence South 00-26-46 West 69.17 ft. to a point, thence South 06-56-46 West 73.85 ft. to a point on a meander line on the northerly shoreline of the Fox River, thence South 68-14-29 East along said meander line 216.06 ft to a point on the east right-of-way line of Main Street, thence North 00-50-59 East along said right-of-way line 303.66 ft to the point of beginning. Said parcel contains approximately 1.03 acres more or less.

APPENDIX E

**BUSINESS IMPROVEMENT DISTRICT (BID)
BOARD RESOLUTION**

RESOLUTION IN SUPPORT OF THE CREATION OF TAX INCREMENT DISTRICT
#25 – CITY CENTER HOTEL REHABILITATION

WHEREAS, the City Center Hotel is located within the Downtown Oshkosh Business Improvement District (BID); and

WHEREAS, the City Center Hotel is a blighted and underutilized property in need of renovation; and

WHEREAS, the City of Oshkosh has received a request to create Tax Increment District #25 that will assist in the rehabilitation of the City Center Hotel and new riverwalk development; and


WHEREAS, a renovated hotel operating with the Oshkosh Convention Center will benefit the downtown by bringing more people to area and will increase downtown activity; and

WHEREAS, having a viable, high-quality hotel will not only benefit the BID, but also Oshkosh's Central City area and the City as a whole.

NOW THEREFORE BE IT RESOLVED that the Downtown Oshkosh Business Improvement District supports the creation of Tax Increment District #25 – City Center Hotel Rehabilitation; and

BE IT FURTHER RESOLVED, that the Downtown Oshkosh Business Improvement District recommends that the Oshkosh Common Council approve the Project Plan and Boundaries for Tax Increment District #25 – City Center Hotel Rehabilitation; and

BE IT FINALLY RESOLVED, that the Downtown Oshkosh Business Improvement District Chair, David K. Sparr forward this resolution, upon passing to: The City of Oshkosh Mayor and Members of the Oshkosh Common Council for their consideration.



David K. Sparr

Chairman, Downtown Oshkosh Business Improvement District

10/25/11
Date

APPENDIX F

TID APPLICATION

Oshkosh Investors, LLC

May 1, 2012

City of Oshkosh
Office of the City Manager
Attention: Mark Rohloff
P. O. Box 1130
Oshkosh WI 54903-1130

Re: Oshkosh Investors, LLC Application for Tax Incremental Financing

Dear Mr. Rohloff:

This letter accompanies Pfefferle Companies' application requesting \$2,000,000 of up-front Tax Incremental Financing (TIF) and \$1,000,000 of developer Pay/Go TIF for the renovation of the City Center Hotel. The partners in the Oshkosh Investors, LLC, who have purchased the hotel, have prepared the TIF application to be responsive to TIF guidelines and questions from your staff.

Summary:

The City Center Hotel was built in 1985-86, is centrally located in downtown Oshkosh, and is the City's largest hotel with the most meeting space. The site is currently in use as a stand-alone hotel. With the purchase and proposed renovation, the site will be operated by Richard Batley (RB Hospitality, LLC) and John Pfefferle (Pfefferle Companies, Inc.) as a full-service hotel. In addition, hotel management will enter a contract to direct the Convention Center for the City. End-users of the hotel and its restaurant will include participants in events at the Convention Center and participants in other events in and around Oshkosh, persons residing in or visiting Oshkosh for business or employment purposes, and tourists to the Fox River Valley area. Additional end-users include UW Oshkosh alumni and others attending an estimated 300 events annually offered by the University, prospective University students and their parents touring campus, various UW System administrators and other community members on campus for business meetings, and general visitors to campus. After financing approval, plans include renovation to begin in April, 2012. Hotel occupancy will begin in January, 2013, with final renovation and landscaping completed in June, 2013.

Developing and owning the property are the partners in Oshkosh Investors, LLC: UW Oshkosh Foundation Hotel Project, LLC, and Oshkosh Hotel Venture, LLC (Richard Batley, President of RB Hospitality and John Pfefferle, President of Pfefferle Companies). Total development costs are \$14,000,000. Planned negotiations to secure local investors and bank financing have begun. TIF assistance in the amount of \$2,000,000 and \$1,000,000 of Pay/Go TIF is requested. The request for an additional \$1,000,000 of Pay/Go TIF resulted from close to a 50% increase in development costs, \$9,500,000 to \$14,000,000. For successful renovation and use of the hotel, together with successful management of the Convention Center, TIF assistance is critical because bank financing of hospitality projects typically requires higher cash equity which TIF is being requested to enhance the equity position and obtain long term financing. The project would not move forward without the TIF assistance because of the significant equity position required for private financing. After renovation the tax increment projection is \$10,700,000 in 2016. Over the next 22 years the valuation increment projection continues

to increase annually to a total in 2038 of \$12,800,000. Profitability after debt service is estimated in the third year to be approximately 6% of gross revenue, with continued healthy profitability in each succeeding year of the five-year *pro forma*. The new City Center Hotel will generate approximately 200 jobs. In the hotel, it is estimated there will be 150 employees, 60 full-time positions and 90 part-time positions. In the attached Convention Center, which will be operated in conjunction with the newly renovated hotel, there will be an estimated 50 employees with 20-full-time positions and 30 part-time positions. The management group salaries will range from \$35,000 annually to \$100,000 annually. Hourly employees will range from \$12 per hour to \$20 per hour. Moreover, Oshkosh will enjoy a significantly enhanced reputation as “Wisconsin’s Event City” with the availability of this high-quality, full-service lodging and restaurant facility connected to the Convention Center.

Oshkosh Investors, LLC partners are confident that up-front TIF funding will assist in a refit of the City Center Hotel’s 128,000 square feet to an upscale, quality hotel with “conference hotel room” services, resulting in a financially successful hotel and an eagerly sought destination along the City’s riverwalk. It is a critical component to restoring a high-quality, go-to business and convention hub in downtown Oshkosh. For detailed information, please refer to the enclosed TIF application, the HMI report and the *pro forma*.

We are mindful of the sense of pride the community envisioned when the City first supported this project. We will implement the renovation in a manner so as to respect and preserve this position and way of thinking. As quoted in a February 14, 2012, news release, we plan “...to transform the 179-room waterfront property into a full-service, state-of-the-art business hotel, anchoring the city’s downtown and serving as an economic catalyst for the entire community.”

Thank you for your time and consideration.

Sincerely,
Oshkosh Investors, LLC

By

Arthur H. Rathjen, Primary Contact for Oshkosh Investors, LLC
President, UW Oshkosh Foundation, Inc.

Enclosures

C: Richard Batley, President, RB Hospitality, LLC
John Pfefferle, Pfefferle Companies, Inc.

**City of Oshkosh
Tax Incremental Financing (TIF)
Application**

Please complete and submit the following information to the City of Oshkosh for a more detailed review of the feasibility of your request for Tax Incremental Financing (TIF) assistance. The application is comprised of four parts:

1. Applicant Information
2. Project/Property Information
3. Project Narrative
4. Project Budget/Financial Information
5. Buyer Certification and Acknowledgement.

Where there is not enough space for your response or additional information is requested, please use an attachment. Use attachments only when necessary and to provide clarifying or additional information.

The Department of Community Development (DCD) reviews all applications for TIF assistance. Failure to provide all required information in a complete and accurate manner could delay processing of your application and DCD reserves the right to reject or halt processing the application for incomplete submittals.

For further information please refer to the "City of Oshkosh Tax Increment Financing Guidelines, Policies & Procedures" document.

Applicant Information:

Legal Name: Pfefferle Companies, Inc. (a Sub-S Corporation) on behalf of Oshkosh Investors, LLC, owner				
Mailing Address: 200 E. Washington Street, Suite #2A, Appleton, WI 54911				
Primary Contact: John Pfefferle Art Rathjen			Telephone: (920) 730-4280 (920) 424-7121	
E-mail: <u>JohnP@gewi.com</u> <u>Rathjen@uwosh.edu</u>			FAX:	
Attorney: Rick Knight, (920) 730-4280 Russ Reff (920) 231-8380				
Legal Entity	Individual(s) _____	Joint Tenants _____	Tenants in Common _____	Corporation <u>X</u> (Applicant)
	Partnership _____	Other LLC (Owner) <u>X</u>		
If not a Wisconsin corporation/partnership/LLC, state where organized:				
Will a new entity be created for ownership? Yes _____ No <u>X</u>				

Principals of existing or proposed corporation/partnership/LLC and extent of ownership interest.			
Name	Address	Title	Interest
1. Oshkosh Hotel Venture, LLC	200 E. Washington Street, Suite 2A Appleton, WI 54911	Partner	50%
2. UW Oshkosh Foundation Hotel Project, LLC	842 Algoma Blvd., Oshkosh WI 54901	Partner	50%
Is any owner, member, stockholder, partner, officer or director of any previously identified entities, or any member of the immediate family of any such person, an employee of the City of Oshkosh?			
Yes ___ No <input checked="" type="checkbox"/>	If yes, give the name and relationship of the employee:		
Have any of the applicants (including the principals of the corporation/partnership/LLC) ever been charged or convicted of a misdemeanor or felony? Yes ___ No <input checked="" type="checkbox"/>			
If yes, please furnish details:			

Project/Property Summary:

Overall Project Summary and Objectives:

Pfefferle Companies, Inc., a Sub-S Corporation, is making this TIF application on behalf of the owner, Oshkosh Investors, LLC. It is the intent that the Developer Agreement be in the name of "Pfefferle Companies, Inc, or assigns" for financing purposes.

Oshkosh Investors, LLC is a partnership formed between the UW Oshkosh Foundation and Oshkosh Hotel Venture, LLC which includes Richard Batley, President of RB Hospitality; and John Pfefferle, CEO of Pfefferle Companies, Inc. Oshkosh Investors, LLC has purchased the downtown City Center Hotel and plan to collaborate in owning and managing the renovated hotel.

Current and Proposed Uses:

The pro forma assumes the 176-room, full service City Center Hotel will be renovated as a mid-priced to upscale hotel operated as one unit with the newly renovated Convention Center and establishes a flexible group meeting space in a relatively central portion of the State. The hotel will provide a visible downtown presence for UW Oshkosh, enhancing image and loyalty to the University by providing high-quality, nearby lodging for alumni and guests visiting campus for events, job interviews, and other visits. The hotel operation may be used as a site for University internships. To increase city residents' return on investment, the partners' plans also call for the revitalized property to, after its reopening, generate annual scholarship revenue for UW Oshkosh-bound students graduating from

Oshkosh high schools. Longer term, the partners envision a hotel-based, collaborative, academic hospitality program with partners such as Fox Valley Technical College and UW Stout, already home to a hospitality major.

Description of End Users:

Pro forma projections assume the hotel will generate 55% of its lodging demand from the Group market and 45% from transient corporate, commercial and leisure customers.

Property Summary:

Parcel/Land Area 1.03 acres
Building Area 128,000 SF

of Dwelling Units 176 overnight units (approx. 20% of the current shortage)

of Stories Eight (8) Stories

of Parking Spaces Adjacent downtown parking structure

Describe any zoning changes that will be needed: None

Identify any other approvals, permits or licenses (i.e. Liquor License, Health Department, etc):

City of Oshkosh Health Services Division – Restaurant, Hotel, Pool, Whirlpool

City of Oshkosh Operating License – Combination “Class B” License, Mechanical Device, Dance and Entertainment

State of Wisconsin Department of Commerce – Unfired Pressure Vessel, Boilers 3 year PTO cycle

State of Wisconsin Dept of Safety and Professional Services – Elevator

Describe briefly what the project will do for the property and neighborhood:

“City Manager Mark Rohloff has been consistent in his belief that reversing the slide of the downtown hotel connected to the city-owned convention center is a key objective to continue the rebirth of downtown and boost the tourism industry for all of Oshkosh. The center has suffered from a lack of synergy with the neighboring hotel. Unified management and marketing of the hotel and renovated convention center make the long-term health of both more viable. In addition, the riverwalk and boat slip projects on the north side of the Fox River are integral pieces of infrastructure that will aid the hotel.” The Oshkosh Convention and Visitors Bureau has branded Oshkosh as “Wisconsin’s

Event City” and UW Oshkosh plays a major role in hosting a variety of workshops, meetings, seminars and conferences. A high-quality hotel will enhance the ability to host such events.

Project Timetable:

Final Plan/Specification Preparation	March-April 2012
Bidding and Contracting	March-April 2012
Firm Financing Approval	April 2012
Construction/Rehabilitation	April 2012 – March 2013
Landscaping/Site Work	Completed by June 2013
Occupancy/Lease Up	January – March 2013

Development Team:

Developer: Oshkosh Investors, LLC
Architect: Hoffman, LLC
Surveyor: N/A
Contractor: Hoffman, LLC
Other Members:
Describe Team expertise and experience in developing similar projects: Local hoteliers Richard Batley of RB Hospitality, LLC, in Neenah WI, and John Pfefferle of Pfefferle Companies, Inc., in Appleton WI, join the partnership having helped establish two distinguished and successful Fox Valley hotel businesses. Batley is an owner and operating partner in both Neenah's Best Western Premier Bridgewood Resort Hotel & Conference Center and Appleton's CopperLeaf Boutique Hotel & Spa. Pfefferle is the managing partner in the CopperLeaf.
Other Current Team Projects in development: None
Financial ability of the applicant to complete the project: Please see <i>Pro forma</i> -- Financial viability reflects \$3.5 million of equity investors.

Project Narrative

Oshkosh Investors, LLC plans to own and manage the City Center Hotel. A \$14 million redevelopment project is proposed, with an upfront TIF request for \$2 million and a developer funded (Pay/Go) TIF request for \$1 million. Hoffman LLC conducted a site evaluation on October 14, 2011, finding the building structurally sound. It is situated on approximately 1.03 acres along the north side of the Fox River at 1 N. Main Street. The hotel is a larger, single-level building with a partial mezzanine surrounding an eight-story, reinforced concrete tower. The entire structure is built on piles including specific piles for the whirlpool and swimming pool. A series of hotel brands have occupied the building since its construction in 1985-86. We are not aware of any environmental conditions affecting redevelopment or renovation.

The renovated facility will become a high-quality, full-service hotel, meeting the lodging, meeting and dining needs of a variety of guests, including but not limited to, participants in events at the Convention Center and other events in and around Oshkosh, persons residing in or visiting Oshkosh for business or employment purposes, and tourists to the Fox River Valley area. Additional guests will include UW Oshkosh alumni and others attending an estimated 300 events annually offered by the University, prospective University students and their parents touring campus, various UW System administrators and other community members on campus for business meetings, and general visitors to campus. Hotel management will also enter into a contract with the City of Oshkosh to direct the Convention Center. We estimate 40 to 50 permanent jobs will be available to area citizens with the successful operation of the renovated hotel. Moreover, Oshkosh will enjoy a significantly enhanced reputation as "Wisconsin's Event City" with the availability of this high-quality, full-service lodging and restaurant facility connected to the Convention Center. Successful operation of the renovated hotel, together with the Convention Center, will enhance downtown economic development and nurture tourism in Oshkosh. This helps meet the goals in the City's Comprehensive Plan land use recommendation.

No structures will be demolished during this redevelopment project, nor will there be any new construction. Renovation will be internal to the structure (external solely in landscaping). The finishes of the hotel lobby and public meeting spaces will be renovated to reflect current trends in hospitality. Accommodations are being revamped to reflect the needs of today's traveler including upgrade to the fixtures and finishes to promote healthy and comfortable accommodations which make the traveler feel at home. The overall hotel structure offers 128,000 square feet of lodging, banquet, meeting, and operational areas. Guests will enjoy a choice of lodging in 176 rental rooms and suites. With the operation of the Convention Center, an additional 18,000 square feet of flexible meeting and exhibit space will be available to hotel guests. Parking is adjacent to the existing hotel structure.

Plans call for hotel occupancy to begin in January, 2013, with final renovation and landscaping completed in June, 2013. The hotel renovation project was approved by the City of Oshkosh Plan commission as TID #25 on October 18, 2011.

Plans for "green features" include, but are not limited to, use of energy-efficient windows and light bulbs, installation of low-consumption toilets, and close examination of existing boilers and

chillers which may have exceeded expected service life. Criteria for replacement of any boilers and chillers will include energy-efficiency.

As noted in the attached article "Renovation Financing Remains Limited, this is still a very challenging market. There are very few lenders who have the ability to try these loans. Most of the properties that need renovations are suffering with their (net operating income) and lenders are focused on that. It becomes a chicken-or-egg scenario."

Renovation and redevelopment funds required to revitalize the City Centre in to a healthy and vibrant hotel are extensive and costly, and the private market, on its own, has shown little ability to absorb all of these costs. Lenders are requiring between 50-70% outside equity. The Source of Funds information provided on page 9 of the application indicates a loan percentage of approximately 54%. Without the support of an upfront TIF request for \$2 million and a developer funded (Pay/Go) TIF request for \$1 million, the loan percentage would increase to approximately 75%. It is unrealistic to secure financing with an equity percentage of approximately 25%. In addition, without the requested TIF funding an estimated simple five year average return for investors would drop from over 8% to under 2%. The financing and equity necessary to support the renovation goals and objectives would not be feasible without the requested TIF funding.

In addition, the developer contends that based on reports provided by HMI and Vitale, the average daily room rates provided in the attached proforma are competitive. Increasing the average daily room rate would have a negative impact on the occupancy percentage reducing the net operating income.

The downtown is an exceptional area and deserves a first class hotel. An outlay of TIF funds to support this project will leverage benefits, beyond property value growth such as the creation of new jobs that support new consumer income which is reinvested in local businesses.

Project Budget/Financial Information:

Sources and Uses of Funds

Identify the sources of funds uses to finance the project. Typical sources include equity, lender financing, mezzanine financing, government financing, other anticipated types of public assistance, and any other types or methods of financing.

Uses of Funds:

	Amount (\$)	\$ per SF of Building Area
Hotel Acquisition/Soft & Hard Renovation Costs	\$14,000,000	\$109.38
Demolition		
Environmental Remediation		
Site Clearance and Preparation		
Soft Costs/ Fees		
Soft Cost Contingency		
Hard Construction Costs/Renovation		
Total Project Costs	\$14,000,000	\$109.38

Sources of Funds:

Equity				% of total project costs
Developer Equity/UWO Foundation /Oshkosh Hotel Venture	\$2,100,000			15%
Other Equity (Investors)	\$1,400,000			10%
Total Equity	\$3,500,000			25%

Loans		Rate	Term	
Construction Financing	\$	%	mos.	
Permanent Financing/Bond and/or Bank	\$7,500,000	5%	20yrs.	54%

TIF Assistance (\$2M up front, \$1M developer funded)	\$3,000,000			21%
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Other (_____)	\$			%
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Total Sources of Funds	\$14,000,000			100%
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Financing:

Source	Amount	Terms: Years/Interest	Contact Information
Equity: (<i>Investors – Common</i>)	\$3,500,000		
Loans: (4% for 20 years)	\$7,500,000		
TIF (\$2M up front, \$1M “pay-go”)	\$3,000,000		

Pro Forma Income and Expense Schedule:

Applicants whose projects involve the rental of commercial, retail, industrial, or living units must submit *pro formas* that identify income and expense projections on an annual basis for an eleven-year period. A hypothetical property reversion is to be assumed. Clearly identify all assumptions (such as absorption, vacancies, debt service, operational costs, etc.) that serve as the basis for the *pro formas*. **Two sets of *pro formas* are to be submitted.** The first set should show the project **without** TIF assistance and the second set with TIF assistance.

For owner-occupied industrial and commercial projects, detailed financial information must be presented that supports the need for financial assistance (see below).

Analysis of Financial Need:

Each application must include financial analyses that demonstrate the need for TIF assistance. **Two analyses must be submitted: one without TIF assistance and one with TIF assistance.** The applicant must indicate the minimum return or profit the applicant needs to proceed with the project and rationale for this minimum return or profit. The analyses will necessarily differ according to the type of project that is being developed.

Rental Property For projects involving rental of space by the developer to tenants (tenants include offices, retail stores, industrial companies, and households), an internal rate of return on equity must be computed with and without TIF assistance based on the *pro forma* of income and expense prepared for the **Income and Expense Schedule** above. The reversion at the end of the ten-year holding period must be based on the capitalized 11th year net operating income. The reversionary value is then added to the 10th year cash flow before discounting to present value. State all assumptions to the analyses.

For Sale Residential Show profit as a percent of project cost (minus developer fee and overhead and minus sales commissions and closing costs, which should be subtracted from gross sales revenue). Other measures of profitability may be submitted, such as profit as a percent of sales revenue.

Mixed Use Commercial / For-Sale Residential Provide either separate analyses for each component of the project or include in the revenue sources for the for-sale portion, the sale value of the commercial component based on the net operating income of the commercial space at stabilization. Indicate how the sale value was derived.

Owner-Occupied Commercial For projects such as “big-box” retail projects, provide copies of the analyses that the company to meet or exceed the company’s minimum investment threshold(s) for proceeding with the project.

Competitive Projects In instances where the City is competing with other jurisdictions for the project (e.g., corporate headquarters, new manufacturing plant), present detailed analyses that demonstrate the capital and operating cost differential between the proposed location(s) in Oshkosh and locations that are seriously being considered by the applicant.

Professional Studies:

Market Studies Applications for commercial and residential projects must include a comprehensive market study. The market must identify target markets, analysis of competition, demographics, market rents, letters of intent/interest from prospective tenants, or for housing developments sale prices or rental rates of comparable properties.

Appraisal All projects that involve the transfer of land must include a recent appraisal. Projects that include land as a form of equity or collateral must also submit a recent appraisal. The appraisal must value the property “as is,” and the impact on value must be considered for such items as demolition, environmental remediation, relocation of utilities, lease buy-outs, and other work necessary to make the site developable. The property must be valued assuming that the highest and best use is the proposed use.

Narrative Attachments:

1. Summary Letter

Provide a summary of the project in the form of a letter addressed to the City Manager. The letter should not exceed two (2) pages in length and should include only the following essential information about the project:

- Description of site or building
- Current and proposed uses
- Description of end users
- Project start and end dates
- Name of developer and owner
- Total development costs
- Overview of private-sector financing
- Amount of TIF assistance requested
- Statement regarding why TIF is essential and why the “but for” provision will be met
- Summary of increment projections
- Profitability
- Description of public benefits, including job creation

2. Project Narrative

Provide an in-depth overview of the project in narrative format. The narrative must include a description of the following aspects of the project:

- Current condition of the site and historical overview that includes the size and condition of any existing structures, environmental conditions, and past uses of the site
- Proposed use(s) of project (e.g. industrial, commercial, retail, office, residential for sale or for rental, senior housing, etc.)
- Construction information about the project including: size of any existing structure to be demolished or rehabbed; size of any new construction: types of construction materials (structural and finish); delineation of square foot allocation by use; total number and individual square footage of residential units: type of residential units (e.g. for-sale, rental, condominium, single-family, etc); number of affordable residential units; number and type of parking spaces; and construction phasing
- If in an existing TID or redevelopment area, confirm that this project is consistent with the goals and objectives in the Project or Redevelopment Plan.
- A summary of the proposed “green” features to be included in the project – All projects that receive TIF assistance are encouraged to include environmentally friendly features.

Filing Requirements, Notes, Certification and Agreement:

Filing Requirements

You must provide all of the following items with your signed application:

1. **Fee.** An application fee of 1% of the requested TIF assistance or \$10,000, whichever is greater. This fee is to cover City costs associated with evaluating the TIF application *and does not cover the use of outside consultants, which if required will be paid for by the applicant.* Make your check payable to the City of Oshkosh.
2. **Site Maps.** Provide a map that shows the location of the site. Also provide a map that focuses on the project and its immediate surroundings. Both maps should be no larger than 11x17 inches. Larger maps will be required for projects presented to the Plan Commission, Redevelopment Authority, or Common Council.
3. **Project Renderings.** Provide preliminary architectural drawings, plans and renderings for the project. These drawings should be no larger than 11x17 inches. Larger maps will be required for projects presented to the Plan Commission, Redevelopment Authority, or Common Council.

Notes

- ✓ The City charges an administrative fee of 5% of the annual tax increment revenue.
- ✓ If the project requires planning and zoning approvals, you must make these applications concurrent with this request.

Agreement

I, by signing this application, agree to the following:

1. I have read and will abide by all the requirements of the City for tax increment financing.
2. The information submitted is correct.
3. I agree to pay all costs involved in the legal and fiscal review of this project. These costs include may include, but not be limited to, bond counsel, outside legal assistance, and outside financial assistance, and all costs involved in the issuance of the bonds or loans to finance the project.
4. I understand that the City reserves the right to deny final approval, regardless of preliminary approval or the degree of construction completed before application for final approval.
5. The undersigned authorizes the City of Oshkosh to check credit references and verify financial and other information.
6. The undersigned also agrees to provide any additional information as may be requested by the City after filing of this application.

Applicant Name _____ Date _____

DRAFT

	2013			2014			2015			2016			2017		
	Amount	%	PAR	Amount	%	PAR	Amount	%	PAR	Amount	%	PAR	Amount	%	PAR
Number of Available Rooms	64,240			64,240			64,240			64,240			64,240		
Rooms Occupied	28,908			34,047			38,544			38,544			38,544		
Occupancy %	45.00%			53.00%			60.00%			60.00%			60.00%		
ADR	\$90.00			\$94.00			\$98.00			\$100.45			\$102.96		
RevPAR	\$40.50			\$49.82			\$58.80			\$60.27			\$61.78		
ADR Growth															
Revenues															
Rooms	2,601,720	51.00%	40.50	3,200,437	47.39%	49.82	3,777,312	47.77%	58.80	3,871,745	47.77%	60.27	3,968,480	47.77%	61.78
Food & Beverage	2,473,000	48.51%	38.53	3,525,000	52.20%	54.87	4,100,000	51.85%	63.82	4,202,500	51.85%	65.42	4,307,600	51.85%	67.05
Other Food & Beverage	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00
Telephone	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00
Other Operating Depts.	25,000	0.49%	0.39	27,500	0.41%	0.43	30,000	0.38%	0.47	30,800	0.38%	0.48	31,500	0.38%	0.49
Other	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00
Total Revenues	5,101,720	100.00%	79.42	6,752,937	100.00%	105.13	7,907,312	100.00%	123.09	8,105,045	105.45%	126.17	8,307,591	100.00%	129.33
Department Expenses															
Rooms	832,600	16.32%	12.96	928,100	13.74%	14.45	1,019,900	12.90%	15.88	1,045,400	12.90%	16.27	1,071,500	12.90%	16.68
Food & Beverage	1,732,500	33.96%	26.97	2,379,400	35.24%	37.04	2,665,000	33.70%	41.49	2,731,600	33.70%	42.52	2,799,900	33.70%	43.58
Telephone	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00
Other Operating Depts.	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00
Total Expenses	2,565,100	50.28%	39.93	3,307,500	48.98%	51.49	3,684,900	46.60%	57.36	3,777,000	46.60%	58.81	3,871,400	46.60%	60.26
Total Department Profits	2,536,620	49.72%	47.53	3,445,437	51.02%	53.64	4,222,412	53.40%	65.73	4,328,045	53.40%	67.36	4,436,191	53.40%	69.06
Overhead Expenses															
Administrative & General	510,200	10.00%	7.94	607,800	9.00%	9.46	632,600	8.00%	9.85	648,400	8.00%	10.09	664,600	8.00%	10.35
Sales and Marketing	306,100	6.00%	4.76	337,600	5.00%	5.26	316,300	4.00%	4.92	324,200	4.00%	5.05	332,300	4.00%	5.17
Property Operations & Maint.	204,100	4.00%	3.18	303,900	4.50%	4.73	355,800	4.50%	5.54	364,700	4.50%	5.68	373,800	4.50%	5.82
Energy	350,000	6.86%	5.45	375,000	5.55%	5.84	400,000	5.06%	6.23	412,000	4.70%	6.41	424,400	4.70%	6.61
Franchise Service Fees	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00
Franchise Royalty Fees	156,100	3.06%	2.43	192,000	2.84%	2.99	226,600	2.87%	3.53	232,300	2.87%	3.62	238,100	2.87%	3.71
Total Overhead Expenses	1,526,500	29.92%	23.77	1,816,300	26.90%	28.27	1,931,300	24.42%	30.06	1,981,600	25.70%	30.85	2,033,200	28.65%	31.65
Gross Operating Profit	1,010,120	19.80%	25.76	1,629,137	24.12%	25.37	2,291,112	28.97%	35.66	2,346,444	28.95%	36.52	2,402,991	28.95%	37.41
Fixed Expenses															
Insurance	51,000	1.00%	0.79	67,500	1.00%	1.05	79,100	1.00%	1.23	81,000	1.10%	1.25	83,100	1.10%	1.29
Property Taxes	185,000	3.62%	2.88	236,900	3.51%	3.69	261,200	3.30%	4.07	269,000	3.30%	4.19	277,000	3.30%	4.31
Other	62,500	1.23%	0.97	97,500	1.37%	1.44	107,500	1.36%	1.67	110,200	1.36%	1.72	112,900	1.36%	1.76
Total Fixed Expenses	298,500	5.85%	4.66	399,900	5.88%	6.18	447,800	5.66%	6.97	460,200	5.66%	7.16	473,100	5.66%	7.36
Reserve for Replacement	102,000	2.00%	1.59	202,600	3.00%	3.15	316,300	4.00%	4.85	324,200	4.00%	5.05	332,300	4.00%	5.17
EBITDA before Management Fees	609,620	11.95%	9.49	1,025,637	15.25%	16.03	1,527,012	18.64%	22.58	1,562,044	19.00%	24.32	1,597,591	19.35%	24.87
Management Fees															
Base Fee	153,100	3.00%	2.38	202,600	3.00%	3.15	237,200	3.00%	3.69	243,100	3.00%	3.78	249,200	3.00%	3.88
Management Fee	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00
Incentive Fee	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00
Total Operator Fees	153,100	3.00%	2.38	202,600	3.00%	3.15	237,200	3.00%	3.69	243,100	3.00%	3.78	249,200	3.00%	3.88
Asset Management Fee	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00	0	0.00%	0.00
Total Management Fees	153,100	3.00%	2.38	202,600	3.00%	3.15	237,200	3.00%	3.69	243,100	3.00%	3.78	249,200	3.00%	3.88
Net Operating Income	456,520	8.92%	7.11	823,037	12.19%	11.42	1,089,812	13.78%	16.96	1,118,944	13.80%	17.42	1,148,392	16.15%	17.38
Debt Service (7.5M @ 5% - 20 Yrs)	593,960	11.64%	9.25	593,960	8.80%	9.25	593,960	7.51%	9.25	593,960	7.33%	9.25	593,960	7.15%	9.25
Net Cash Flow	(137,440)	-2.69%	-2.14	239,077	3.55%	3.17	495,852	6.27%	7.72	524,984	6.48%	8.17	554,432	6.67%	8.63
Debt Coverage Ratio	0.77			1.06			1.85			1.88			1.93		

DRAFT

	2013				2014				2015				2016				2017			
	Amount	%	PAR	POR	Amount	%	PAR	POR	Amount	%	PAR	POR	Amount	%	PAR	POR	Amount	%	PAR	POR
Number of Available Rooms	64,240				64,240				64,240				64,240				64,240			
Rooms Occupied	28,908				34,047				38,544				38,544				38,544			
Occupancy %	45.00%	51.00%	40.50	90.00	53.00%	47.39%	49.82	94.00	60.00%	47.77%	53.80	98.00	60.00%	47.77%	53.80	100.00%	60.00%	47.77%	53.80	102.96
ADR	\$90.00	48.51%	38.53	85.62	\$94.00	52.20%	54.87	103.53	\$98.00	51.85%	63.82	106.37	\$102.96	51.85%	63.82	106.37	\$102.96	51.85%	63.82	106.37
RevPAR	\$40.50	0.00%	0.00	0.00	\$49.82	0.00%	0.00	0.00	\$58.80	0.00%	0.00	0.00	\$60.27	0.00%	0.00	0.00	\$61.78	0.00%	0.00	0.00
ADR Growth		0.49%	0.39	0.86		0.41%	0.43	0.81		0.38%	0.47	0.78		5.17%	0.48	0.80		0.38%	0.49	0.82
Other Operating Depts.	25,000	0.00%	0.00	0.00	27,500	0.00%	0.00	0.00	30,000	0.00%	0.00	0.00	30,800	0.00%	0.00	0.00	31,500	0.00%	0.00	0.00
Other	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00
Total Revenues	5,101,720	100.00%	79.42	176.48	6,752,937	100.00%	105.13	198.35	7,907,312	100.00%	123.09	205.15	8,105,045	105.45%	126.17	210.28	8,307,591	100.00%	129.33	215.55
Department Expenses																				
Rooms	832,600	16.32%	12.96	28.80	928,100	13.74%	14.45	27.26	1,019,900	12.90%	15.88	26.46	1,045,400	12.90%	16.27	27.12	1,071,500	12.90%	16.68	27.80
Food & Beverage	1,732,500	33.96%	26.97	59.93	2,379,400	35.24%	37.04	69.89	2,665,000	33.70%	41.49	69.14	2,731,600	33.70%	42.52	70.87	2,799,900	33.70%	43.58	72.64
Telephone	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00
Other Operating Depts.	2,565,100	50.28%	39.93	88.73	3,307,500	48.98%	51.49	97.14	3,689,900	46.60%	57.36	95.60	3,777,000	46.60%	58.31	98.00	3,871,400	46.60%	60.26	100.44
Total Department Profits	2,536,620	49.72%	47.53	87.75	3,445,437	51.02%	53.64	101.21	4,222,412	53.40%	65.73	109.55	4,528,045	53.40%	67.36	111.28	4,836,191	53.40%	69.05	115.10
Overhead Expenses																				
Administrative & General	510,200	10.00%	7.94	17.65	607,800	9.00%	9.46	17.85	632,600	8.00%	9.85	18.41	648,400	8.00%	10.09	16.82	664,800	8.00%	10.35	17.24
Sales and Marketing	306,100	6.00%	4.76	10.59	337,600	5.00%	5.26	9.92	318,300	4.00%	4.92	8.21	324,200	4.00%	5.05	8.41	332,300	4.00%	5.17	8.62
Property Operations & Maint.	204,100	4.00%	3.18	7.06	303,900	4.50%	4.73	8.93	353,800	4.50%	5.54	9.23	364,700	4.50%	5.68	9.46	373,800	4.50%	5.82	9.70
Energy	350,000	6.86%	5.45	12.11	375,000	5.55%	5.84	11.01	400,000	5.06%	6.23	10.38	412,000	4.70%	6.41	10.69	424,400	4.70%	6.61	11.01
Franchise Service Fees	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00
Franchise Royalty Fees	156,100	3.06%	2.43	5.40	192,000	2.84%	2.99	5.64	226,600	2.87%	3.53	5.88	232,300	2.87%	3.62	6.03	238,100	2.87%	3.71	6.18
Total Overhead Expenses	1,226,500	24.06%	23.77	52.80	1,816,300	26.90%	28.27	53.95	1,991,300	24.42%	30.06	56.10	2,067,000	25.70%	30.85	57.41	2,148,500	25.70%	31.65	58.73
Gross Operating Profit	1,010,120	19.80%	23.76	34.95	1,629,137	24.12%	25.37	47.86	2,291,112	28.97%	35.66	59.45	2,546,444	28.95%	36.52	60.87	2,807,691	28.95%	37.41	62.36
Fixed Expenses																				
Insurance	51,000	1.00%	0.79	1.76	67,500	1.00%	1.05	1.98	79,100	1.00%	1.23	2.05	81,000	1.00%	1.26	2.10	83,100	1.00%	1.29	2.16
Property Taxes	185,000	3.63%	2.88	6.40	236,900	3.51%	3.69	6.96	261,200	3.30%	4.07	6.78	269,000	3.30%	4.19	6.98	277,100	3.30%	4.31	7.19
Other	62,500	1.23%	0.97	2.16	97,500	1.44%	1.44	2.72	107,500	1.36%	1.67	2.79	110,200	1.36%	1.72	2.86	112,900	1.36%	1.76	2.93
Total Fixed Expenses	298,500	5.85%	4.66	10.32	396,900	5.88%	6.18	11.66	447,800	5.66%	6.97	11.62	460,200	5.66%	7.16	11.94	473,100	5.66%	7.36	12.27
Reserve for Replacement	102,000	2.00%	1.59	3.53	202,600	3.00%	3.15	5.95	316,500	4.00%	4.85	8.21	324,200	4.00%	5.05	8.41	332,300	4.00%	5.17	8.62
EBITDA before Management Fees	609,620	11.95%	9.49	21.09	1,029,637	15.25%	16.03	30.24	1,527,012	18.64%	22.58	39.62	1,562,044	19.00%	24.32	40.53	1,597,591	19.35%	24.87	41.45
Management Fees																				
Base Fee	153,100	3.00%	2.38	5.30	202,600	3.00%	3.15	5.95	237,200	3.00%	3.69	6.15	243,100	3.00%	3.78	6.31	249,200	3.00%	3.88	6.47
Management Fee	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00
Incentive Fee	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00
Total Operator Fees	153,100	3.00%	2.38	5.30	202,600	3.00%	3.15	5.95	237,200	3.00%	3.69	6.15	243,100	3.00%	3.78	6.31	249,200	3.00%	3.88	6.47
Asset Management Fee	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00	0	0.00%	0.00	0.00
Total Management Fees	153,100	3.00%	2.38	5.30	202,600	3.00%	3.15	5.95	237,200	3.00%	3.69	6.15	243,100	3.00%	3.78	6.31	249,200	3.00%	3.88	6.47
Net Operating Income	456,520	8.95%	7.11	15.79	627,037	9.28%	9.76	18.42	1,089,812	13.78%	16.96	28.27	1,118,944	13.80%	17.42	29.08	1,148,392	13.80%	17.88	29.76
Debt Service (10.5M @ 5% - 20 yrs)	831,544	16.30%	12.94	28.77	831,544	12.31%	12.94	24.42	831,544	10.52%	12.94	21.57	831,544	10.26%	12.94	21.57	831,544	10.01%	12.94	21.57
Net Cash Flow	(375,024)	-7.35%	-5.84	-12.97	(204,507)	-3.03%	-3.18	-6.01	(204,507)	-3.03%	-3.18	-6.01	(204,507)	-3.03%	-3.18	-6.01	(204,507)	-3.03%	-3.18	-6.01
Debt Coverage Ratio	0.55				0.75				1.31				1.31				1.31			

Project Net Income - Debt Service \$7.5 M

\$ 456,520.00 \$ 627,036.80 \$ 1,089,812.00 \$ 1,118,943.80 \$ 1,148,392.24

Option A

Bank Financing \$ 7,500,000.00
 Investor Proceeds \$ 3,500,000.00

Debt Service(7.5@5% - 20 Yrs) \$ (593,960.00) \$ (593,960.00) \$ (593,960.00) \$ (593,960.00) \$ (593,960.00)
 Cash Available for Distribution \$ (137,440.00) \$ 33,076.80 \$ 495,852.00 \$ 524,983.80 \$ 554,432.24

Cash-on-Cash Return for Investors
5 Year Average
 -3.93% 0.95% 14.17% 15.00% 15.84%
 8.41%

Project Net Income - Debt Service \$10.5

\$ 456,520.00 \$ 627,036.80 \$ 1,089,812.00 \$ 1,118,943.80 \$ 1,148,392.24

Option B

Bank Financing \$ 10,500,000.00
 Investor Proceeds \$ 3,500,000.00

Debt Service(9.5@5% - 20 Yrs) \$ (831,544.00) \$ (831,544.00) \$ (831,544.00) \$ (831,544.00) \$ (831,544.00)
 Cash Available for Distribution \$ (375,024.00) \$ (204,507.20) \$ 258,268.00 \$ 287,399.80 \$ 316,848.24

Cash-on-Cash Return for Investors
5 Year Average
 -10.71% -5.84% 7.38% 8.21% 9.05%
 1.62%

APPENDIX G

VITALE APPRAISAL

**RESTRICTED USE APPRAISAL REPORT OF
CITY CENTER HOTEL
A FULL-SERVICE HOTEL
LOCATED AT 1 NORTH MAIN STREET
IN THE CITY OF OSHKOSH,
WINNEBAGO COUNTY, WISCONSIN**

Prepared For:
Mr. John Pfefferle
Chairman/CEO
Pfefferle Companies, Inc.
200 E. Washington Street, Suite 2A
Appleton, Wisconsin 54911

Date Issued: February 3, 2012

VRA Project Number: 12022

VITALE REALTY ADVISORS, LLC
REAL ESTATE VALUATION AND CONSULTING

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February 3, 2012

Mr. John Pfefferle
Chairman/CEO
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Re: Appraisal of City Center Hotel in the City of Oshkosh, Winnebago County, Wisconsin.

Dear Mr. Pfefferle:

In accordance with your request, we have completed a Restricted Use Appraisal Report of the City Center Hotel at 1 North Main Street in the City of Oshkosh, Winnebago County, Wisconsin. The City Center Hotel is a full-service hotel that was built in 1986. The structure is an eight-story reinforced concrete structure with a brick and reflective glass exterior that totals about 118,350 square feet. This size includes an approximately 5,500-square foot mezzanine for maintenance operations and storage. The City Center Hotel has a full-service restaurant and lounge, indoor swimming pool and whirlpool, game room, fitness center and about 6,507 square feet of function space and meeting rooms. The hotel originally opened as a Radisson hotel and also operated as a Hilton hotel. The hotel currently operates as an independent hotel and does not have a national flag.

The 1.03-acre site is within the central business district of Oshkosh and borders the Fox River to the south. The Fox River flows into Lake Winnebago about ½ mile to the east. The site is at the southwest corner of the Main Street and Ceape Avenue intersection. The hotel is attached to the 18,000-square foot Oshkosh Convention Center via a skywalk over Main Street. The city-owned Oshkosh Convention Center is on the east side of Main Street and has historically been operated by the owners of the subject hotel. The subject hotel is also connected to a three-story parking ramp to the west. The subject relies on this ramp for its parking needs. The subject site is serviced by all municipal utilities including gas, electric, sewer, water and telephone. Access, visibility and site improvements appear adequate and reasonable for the subject's current use as a hotel.

The subject hotel reportedly sold in May 2009 for \$2,006,250, or \$11,208 per room. The hotel was purchased via bank auction following foreclosure of the property. According to public records, the hotel is currently owned by Nashco Hospitality Group, LLC. At the time of inspection, the subject hotel was in poor-to-fair condition. The hotel ceased food and beverage operations in October 2011 after failing a City inspection of the kitchen. Therefore, the restaurant and lounge are currently closed and the function space is significantly underutilized. The swimming pool and whirlpool were also closed around the same time due to not being in code compliance with the Virginia Baker Act. The pools have been drained and that area is currently closed to guests. The whirlpool also leaks significantly. Guest rooms and other common areas toured were also dated and in poor-to-fair condition. While we were not provided with current financial statements for the hotel, operating performance at the City Center Hotel reportedly has been adversely and materially affected by its physical condition and the closing of the amenities listed earlier.

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Purpose and Intended Use of the Assignment

This appraisal has two distinct purposes. The first purpose is to estimate a current market value for the City Center Hotel in its present condition. The effective date of value for this "As Is" scenario is February 1, 2012, which is considered a current date. The second purpose is to estimate a prospective market value for the City Center Hotel, following proposed renovations and re-flagging of the hotel by a national franchise. This prospective market value also assumes stabilization of hotel operations following renovations and franchising. The appraisers assume stabilization will occur in about three years; therefore, the effective date of value for the "As Stabilized" scenario is January 1, 2015. Additional assumptions related to this prospective market value are presented later in this report. The value conclusions include all rights in realty (land and building), personalty, and intangible business assets on a "going-concern" basis. Ownership in the property is assumed to include a fee simple interest in the land and improvements on a "going concern" basis. We understand the intended use of the report is to assist in internal planning purposes by potential buyers of the property.

Definition of "Market Value"

"Market Value" is defined in accordance with the directive of Banking Circular #225 and Paragraph 34.42 of the OCC final rule issued by the Comptroller of the Currency as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they considered their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Property Rights Appraised

The property rights appraised includes the fee simple interest of the subject property. The fee simple estate as presented in the Thirteenth Edition of The Appraisal of Real Estate as published by the Appraisal Institute is defined as:

A fee simple estate implies absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Hotels are commonly appraised on a going-concern basis because the physical real estate assets are integrated parts of an ongoing business and, as such, market values for the land and building are difficult, if not impossible, to segregate. We have assumed all property rights including fee ownership of the land are included in our estimate of market value.

The definition of "going-concern value" as presented in the Thirteenth Edition of The Appraisal of Real Estate as published by the Appraisal Institute is:

"Going-concern value is the value created by a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going-concern value includes an intangible enhancement of the value of an operating business enterprise which is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process leads to an economically viable business that is expected to continue. Going-concern value refers to the total value of a property, including both real property and intangible personal property attributed to business value."

Appraisal Standards

The appraisal is subject to the Code of Ethics and Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. The structure of the final written appraisal is that of a Restricted Use Appraisal Report. The Restricted Use Appraisal Report contains a brief statement of information significant to the solution of the appraisal problem. This type of report is not presented as a full narrative report. Further, a Restricted Use Appraisal Report includes a use restriction that limits the reliance of the report to the client and considers anyone else using the report an unintended user. A Restricted Use Appraisal Report is intended for situations where the client is familiar with the real estate being appraised. Supporting data is retained within our workpapers.

Limitations on Use and Applicability of Conclusions

This appraisal was prepared for the sole and exclusive use of the identified client, Mr. John Pfefferle, who is a potential investor in the prospective purchase of the City Center Hotel. This report is intended for his use and his designated representatives. All others are not considered authorized users of the appraisal. Neither the appraisal report, the materials submitted nor our firm name may be used in any prospectus or printed materials prepared in connection with the potential sale of the property or sale of securities of participation interests to the public.

The appraisal report is made subject to the Statement of Assumptions and Limiting Conditions contained in the **Appendix** of this report. In addition, this appraisal report is subject to the following extraordinary assumptions and hypothetical conditions:

- The hotel is currently in poor-to-fair condition. Significant costs would need to be incurred to return the hotel to optimal operating condition and re-flag the hotel with a national franchise. The appraiser applies an estimate of \$9,000,000 to account for these costs. This estimate is based upon conversations with property representatives. *Should our estimate of these costs differ significantly from actual costs, we reserve the right to modify our analysis and conclusions accordingly.* We also assume that any planned renovations, repairs or demolition to the property will be constructed using good workmanship and quality materials or appropriate care. *Should the actual work lack these qualities, we reserve the right to adjust our analysis and conclusions accordingly.*
- The subject hotel has historically had a room count of 179. However, three of these rooms do not have beds and have been used as hospitality suites in the past. In addition, the hotel currently does not offer any multi-room suites. The appraisers have assumed the three hospitality suites would be combined with adjacent rooms to create three multi-room suites.

Therefore, in our analysis, we apply room count of 176 rooms. *Should the actual room count at the newly renovated hotel differ from our assumed room count of 176, we reserve the right to adjust our analysis and conclusions accordingly.*

- The subject hotel is adjacent and connected to a three-story parking ramp. The subject relies on this ramp for its parking needs. The client believes this ramp is owned by the City of Oshkosh with the underlying land being owned by a third party. The client believes that the city is responsible for both the maintenance and operation of the ramp. The client assumes it will not incur any charges for using the parking ramp in the future. We apply this assumption to our analysis. *Should the subject hotel incur expenses for using this parking structure in the future, we reserve the right to modify our analysis and conclusions accordingly.* Please note that city officials have a conflicting opinion of both the ownership and future operational status of the parking ramp. A representative of the City of Oshkosh told the appraisers it is their belief that the parking ramp is owned by the hotel. They also believe that in exchange for maintenance services by the city in the future, the city would require rent payments from the subject hotel.
- The client provided the appraiser with two sets of projections for the hotel, assuming completion of the detail reservation. These projections were prepared by Hospitality Marketers International, Inc., and Richard Batley, a potential investor in this project, respectively. Our financial projections partially rely on these market studies. *Should these market studies change significantly or actual performance deviate significantly from these market studies, we reserve the right to adjust our analysis and conclusions accordingly.*
- Our analysis of the City Center Hotel for the As Stabilized scenario assumes the subject hotel will operate the adjacent Oshkosh Convention Center, which is owned by the City of Oshkosh. The client provided us with preliminary terms for that agreement. The client tentatively believes that with ownership of the City Center Hotel they will be allowed to operate the Oshkosh Convention Center in exchange for 5.0 percent of revenue from these operations. However, this agreement is tentative. *Should the terms of the Oshkosh Convention Center lease differ significantly than its representation in this report, we reserve the right to adjust our analysis and conclusions accordingly.*
- The client is a potential investor in the purchase of the City Center Hotel. Another potential investor, either directly or indirectly, in this project is the University of Wisconsin-Oshkosh. According to the client, the university intends to be a significant provider of guest demand at the renovated hotel. The university is host to numerous athletic and academic functions and the client believes up to 25 percent of demand could be provided by this source. Our projections assume University of Wisconsin-Oshkosh is directly involved and a significant demand generator for the hotel. *Should the University of Wisconsin-Oshkosh either not partner in this investment and/or direct sufficient demand to the newly renovated City Center Hotel, we reserve the right to adjust her analysis inclusions accordingly.*
- The As Stabilized scenario assumes the completion of an extensive renovation of the hotel. *Should these improvements be materially delayed or not eventually occur, we reserve the right to adjust all of our analysis and conclusions accordingly.*

Scope of Work

The scope of work for the appraisal encompasses the necessary research and analysis to develop an appraisal opinion and to prepare an appraisal report, in accordance with the intended use and with the Uniform Standards of Professional Appraisal Practice (USPAP). The scope of the appraisal consisted of conducting a physical inspection of the property, assembling and analyzing comparable data collected from numerous market sources, applying appropriate valuation techniques and developing final value conclusions based on a reconciliation of the applied approaches to value. The subject hotel and adjacent Oshkosh Convention Center was inspected by S. Steven Vitale, MAI and Ryan Sikorski on January 31, 2012. The appraiser also reviewed an earlier Vitale Realty Advisors (VRA) appraisal of the subject hotel, identified as VRA Project No. 9803. This appraisal was issued on August 28, 1998. Two sets of operating projections were also provided by the client. These projections were prepared by Hospitality Marketers International, Inc., and Richard Batley, a potential investor in this project, respectively. We believe we meet the competency requirement per Uniform Standards of Professional Appraisal Practice (USPAP) to appraise the subject based upon our past experience with the appraisal of hotels throughout the State of Wisconsin as well as our educational experience.

Valuation Methodology

In our analysis of the subject, all three approaches to value (Cost, Sales Comparison and Income) were considered. These are the approaches approved by the Appraisal Institute. We have not developed a Cost Approach. Accrued depreciation is often difficult to estimate, particularly for a hotel as old as the subject. This calculation diminishes the reliability of the Cost Approach. Also, most buyers do not consider replacement cost a major input in their calculation of value. We have considered and performed the Sales Comparison and Income Approaches in valuing the subject hotel for both scenarios. The Sales Comparison Approach emphasizes the physical elements of the subject hotel. The Sales Comparison Approach is usually not a primary indicator of value for hotel buildings due to an insufficient number of truly comparable sales, which are required to establish the existence of an active market for any given property. However, due to the availability of a material number of relevant transactions, the Sales Comparison Approach is considered an indicator of value for the subject for both scenarios. For each scenario, we present a separate set of sales.

Income producing real estate is developed, owned and operated with the objective of creating value by renting space to users who will pay rates high enough to cover all operating expenses, fixed costs and to produce a profit on, as well as a return of, the original investment. Therefore, the value of the income-producing real estate is typically determined by the amount of net income the property is expected to generate as well as by the rates of return on alternative investments available. We develop Income Approaches for both scenarios; however, the Income Approach is only considered an indicator of value for the As Stabilized scenario. We will explain why the Income Approach is not considered an indicator of value for the As Is scenario in the following section.

For the As Stabilized scenario, significant costs would be incurred in order to renovate the hotel to a condition which is sufficient to support both a reputable national franchise and joint operations with the Oshkosh Convention Center. Guest rooms would need to be entirely renovated, consisting of replacing floor finishes such as carpeting and tile, bathroom fixtures, furniture and soft goods. Finishes within corridors would also need to be replaced. The swimming pool and whirlpool would need to be repaired and upgraded while the exercise room and game room would need to be replaced entirely. While much of the kitchen equipment is likely repairable, function and meeting spaces within the City Center Hotel would need significant renovation and additional equipment.

Finally, the restaurant and lounge would need to be renovated to allow a competent restaurateur to successfully run this business. The prospective owner is considering opening a Ground Round franchise at this location in this brand would require a full renovation.

The client provided the appraisers with a January 2012 estimate for these renovations by Hoffman, Inc., which is presented in the **Appendix**. According to this report, a total conceptual construction budget is estimated at \$11,264,286. The client stated this is the only renovation estimate they have solicited in this project. Property representatives estimate they can perform similar renovations for a total cost of about \$9,000,000. The appraiser assumes this latter total is appropriate and applies an estimate of \$9,000,000 to account for renovation costs. To determine a current market value of the subject, we deduct the estimated costs of these repairs and renovations, or approximately \$9,000,000, from our initial value conclusion, which is considered As Complete, for each approach to arrive at a current market value, which is considered As Is.

The subject hotel has historically had a room count of 179. However, three of these rooms do not have beds and have been used as hospitality suites in the past. In addition, the hotel currently does not offer any multi-room suites. The appraisers have assumed the three hospitality suites would be combined with adjacent rooms to create three multi-room suites. Therefore, in our analysis, we apply room count of 176 rooms.

Valuation Analysis – As Is Scenario

Sales Comparison Approach

This scenario estimates a current market value for the City Center Hotel in its present condition. For the Sales Comparison Approach, we select and present 11 hotel sales, including the May 2009 sale of the City Center Hotel, which are presented on the following page.

HOTEL SALES SUMMARY - AS IS SCENARIO

Sale No.	Property Name/ Location	Sale Date	Year Built/ # Rooms	Building Size (SF)/ SF/Room	ADR/ Occupancy RevPAR	Total Sales Price	Sale Price/ Room	Sale Price/ SF	Cap. Rate	GRRM	GRM
1	City Center Hotel (Subj.) Oshkosh, Winnebago Co., WI	May-09	1986 179	118,350 661	\$58.00 30.0% \$17.40	\$2,006,250	\$11,208	\$16.95	NM	1.76	1.25
2	Best Western Kenosha, Kenosha Co., WI	Nov-11	1971/2000 111	73,560 663	\$57.89 65.2% \$37.77	\$3,000,000	\$27,027	\$40.78	8.25%	1.96	1.78
3	Best Western Portage, Columbia Co., WI	May-11	1994 99	157,525 1,591	\$61.67 47.0% \$28.86	\$2,500,000	\$25,253	\$15.87	11.34%	1.92	1.74
4	Best Western Grand Seasons Waupaca, Waupaca Co., WI	Mar-11	1988/1993 90	74,307 826	\$81.74 54.4% \$44.50	\$2,700,000	\$30,000	\$36.34	NM	1.85	1.14
5	Howard Johnson Milwaukee, Milwaukee Co., WI	Nov-10	1970 91	50,833 559	NA NA NA	\$2,100,000	\$23,077	\$41.31	NA	NA	NA
6	Best Western Midway Ashwaubenon, Brown Co., WI	Aug-10	1968/2003 145	118,199 815	\$100.00 45.0% \$45.00	\$5,200,000	\$35,862	\$43.99	12.21%	2.18	1.39
7	Best Western Midway LaCrosse, LaCrosse Co., WI	Feb-10	1972 119	91,000 765	\$82.75 62.7% \$51.86	\$3,225,000	\$27,101	\$35.44	9.09%	1.41	0.96
8	Best Western T. of Rib Mountain, Marathon Co., WI	Sep-09	1969/2006 97	76,168 785	\$62.28 58.3% \$36.31	\$1,550,000	\$15,979	\$20.35	NM	1.20	0.73
9	Best Western T. of Grand Chute, Outagamie Co., WI	Jul-09	1971/2004 105	59,128 563	\$84.02 40.2% \$33.78	\$2,150,000	\$20,476	\$36.36	7.80%	1.64	1.54
10	Ramada Plaza Fond du Lac, Fond du Lac Co., WI	Jun-09	1923/2005 132	109,762 832	\$73.33 47.0% \$34.44	\$2,450,000	\$18,561	\$22.32	NM	1.44	0.84
11	Hotel Mead & CC Wisconsin Rapids, Wood Co., WI	Feb-08	1951/1998 157	91,822 582	NA NA NA	\$2,880,000	\$18,344	\$31.37	NA	NA	NA

Notes:

1. RevPAR is revenue per available room.
2. ADR is average daily room rate.
3. Cap. Rate is imputed overall capitalization rate.
4. GRM is gross revenue multiplier.
5. GRRM is gross room revenue multiplier.

Summary Statistics

	Total Price	Price/ Room	Price/ SF	Cap. Rate	GRRM	GRM
Min	\$1,550,000	\$11,208	\$15.87	7.80%	1.20	0.73
Max	\$5,200,000	\$35,862	\$43.99	12.21%	2.18	1.78
Avg.	\$2,705,568	\$22,990	\$31.01	9.74%	1.71	1.26
Median	\$2,500,000	\$23,077	\$35.44	9.09%	1.76	1.25

As Is Scenario – Sales Comparison Approach (continued)

The transactions on the previous page range in sale date from February 2008 to November 2011 and are all full-service hotels. Seven of the hotels were flagged by Best Western at the time of sale, which is a potential flag for the subject in the future. The original construction dates of the 11 sales range from 1923 to 1994; however, most of the sales were built in the 1970s and 1980s, which is similar to the construction date of the subject (1986). The sales range in total purchase price from \$1,550,000 to \$5,200,000 with an average of \$2,705,568 and a median of \$2,500,000.

In this section, we analyze the current market value of the 176 rooms at the subject hotel in comparison to the sales presented earlier in terms of only price per room. We were not provided with historical or projected revenue totals for the subject in its current condition; therefore, such metrics were not applicable to the As Is scenario. We also did not utilize price per square foot as a metric the As Is scenario. Varying proportions of space devoted to public and guest room uses between the subject and the sales diminished its reliability.

On a unit basis, the sales range from \$11,208 to \$35,862 per room with an average of \$22,990 per room and a median of \$23,077 per room. The May 2009 sale of the subject hotel represents the lowest per room sale price of the set at \$11,208 per room. Please note market conditions in the intervening two-plus years have deteriorated both in the national and local economy and national and local hospitality industry. All else equal, one would expect a hotel to sell at a lower price now than in May 2009. In addition, an important factor in driving the sale prices of hotel investment properties is the financial performance of the properties. Our analysis focused on RevPAR levels. Excluding the subject property, the sales produced RevPARs ranging from \$28.86 to \$51.86. As with price per room, the May 2009 sale of the City Center Hotel also produced the lowest RevPAR of the set at \$17.40 per night. While we were not provided historical financials, financial performance at the subject hotel has reportedly declined significantly from its relatively low levels near the time of sale.

Relatively poor market conditions and financial performance at the City Center Hotel coupled with its poor-to-fair condition suggest an appropriate current market value for the subject hotel in its present condition to be well below the unit values of the sales presented. We select and apply a unit price of \$6,000 per room for the As Is scenario. Based on the unit value of \$6,000 and 176 guest rooms, the indicated value from this analysis is \$1,056,000, rounded to \$1,060,000. As such, our concluded As Is market value for the City Center Hotel and through the Sales Comparison Approach is **\$1,060,000**.

As Is Scenario – Income Approach

Our analysis of an As Is scenario through the Income Approach assumes completion of the renovations detailed earlier. We deduct the estimated costs of these repairs and renovations, or approximately \$9,000,000, from our initial value conclusion (As Complete) to arrive at a current market value (As Is). Due to the forecasted variations in the short-term income stream, we apply the discounted cash flow (DCF) technique. Our DCF analysis applies a five-year projection period.

We requested but were not provided with historical financial statements for the subject hotel. Therefore, our projection of a forward operating statement for the subject is based on a review of industry standards, the income statements of comparable lodging properties and two sets of projections provided by the client. These projections were prepared by Hospitality Marketers International, Inc., and Richard Batley, a potential investor in this project, respectively. Both sets of client provided projections are presented in the **Appendix**. An exhibit presenting Vitale Realty Advisors' (VRA) projected operating results for the subject over the next five years for a renovated City Center Hotel is presented on the following page.

**CITY CENTER HOTEL
OSHKOSH, WINNEBAGO COUNTY, WISCONSIN
PROJECTED OPERATING RESULTS - VRA**

	Projected Year 1	Rev/PAR \$49.50 \$50.00	Current Dollars (000's)	Projected Year 2	Rev/PAR \$48.00 \$58.00	Current Dollars (000's)	Projected Year 3	Rev/PAR \$68.00 \$88.00	Current Dollars (000's)	Projected Year 4	Rev/PAR \$90.27 \$100.45	Current Dollars (000's)	Projected Year 5	Rev/PAR \$61.78 \$102.95	Current Dollars (000's)
	45.0%	51.0%	51.0%	53.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	
	10.0%	15.7%	15.7%	14.8%	14.8%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	
	24.5%	24.5%	27.4%	27.4%	27.2%	27.2%	27.2%	27.2%	27.2%	27.2%	27.2%	27.2%	27.2%	27.2%	
	48.5%	48.5%	52.2%	52.2%	51.9%	51.9%	51.9%	51.9%	51.9%	51.9%	51.9%	51.9%	51.9%	51.9%	
	9.5%	9.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
TOTAL ROOMS/YEAR	64,240	64,240	64,240	64,240	64,240	64,240	64,240	64,240	64,240	64,240	64,240	64,240	64,240	64,240	
OOD. ROOMS/OCCUPANCY/ADR	28,809	34,047	38,544	38,544	38,544	38,544	38,544	38,544	38,544	38,544	38,544	38,544	38,544	38,544	
REVENUES															
ROOMS	\$2,801.7	\$3,200.4	\$3,777.3	\$3,777.3	\$3,777.3	\$3,777.3	\$3,777.3	\$3,777.3	\$3,777.3	\$3,777.3	\$3,777.3	\$3,777.3	\$3,777.3	\$3,777.3	
FOOD AND BEVERAGE															
HOTEL BANQUET	\$425.0	\$875.0	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0	
HOTEL RESTAURANT	800.0	1,000.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	
CONFERENCE CENTER	1,250.0	1,650.0	2,150.0	2,150.0	2,150.0	2,150.0	2,150.0	2,150.0	2,150.0	2,150.0	2,150.0	2,150.0	2,150.0	2,150.0	
FOOD AND BEVERAGE TOTAL	\$2,475.0	\$3,525.0	\$4,100.0	\$4,100.0	\$4,100.0	\$4,100.0	\$4,100.0	\$4,100.0	\$4,100.0	\$4,100.0	\$4,100.0	\$4,100.0	\$4,100.0	\$4,100.0	
OTHER OPERATED DEPARTMENTS	\$25.0	\$27.5	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0	
RENTS & OTHER INCOME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL REVENUES	\$5,101.7	\$6,752.9	\$7,907.3	\$7,907.3	\$7,907.3	\$7,907.3	\$7,907.3	\$7,907.3	\$7,907.3	\$7,907.3	\$7,907.3	\$7,907.3	\$7,907.3	\$7,907.3	
DEPARTMENTAL EXPENSES															
ROOMS	\$832.6	\$828.1	\$1,018.9	\$1,018.9	\$86.45	\$26.45	\$27.0%	\$26.45	\$26.45	\$27.0%	\$27.12	\$1,071.5	\$27.0%	\$27.80	
FOOD AND BEVERAGE	1,732.5	2,376.4	2,885.0	2,885.0	69.14	69.14	65.0%	69.14	69.14	65.0%	70.67	2,799.9	65.2%	72.64	
TOTAL DEPARTMENTAL EXPENSES	\$2,565.1	\$3,204.5	\$3,903.9	\$3,903.9	\$95.59	\$95.59	46.5%	\$95.59	\$95.59	46.5%	\$97.74	\$3,871.4	46.5%	\$100.44	
DEPARTMENTAL PROFIT	\$2,536.7	\$3,448.4	\$4,222.4	\$4,222.4	\$101.20	\$109.65	53.4%	\$109.65	\$109.65	53.4%	\$112.29	\$4,328.0	53.4%	\$115.09	
UNDISTRIBUTED OPERATING EXPENSES															
AGG	\$510.2	\$607.3	\$622.6	\$622.6	\$3,453	\$3,453	8.0%	\$3,453	\$3,453	8.0%	\$3,694	\$694.6	8.0%	\$3,776	
MANAGEMENT FEE	163.1	202.6	237.2	237.2	1,348	1,348	3.0%	1,348	1,348	3.0%	1,382	249.2	3.0%	1,416	
MARKETING	308.1	376.8	376.3	376.3	1,797	1,797	4.0%	1,797	1,797	4.0%	1,842	332.3	4.0%	1,898	
FRANCHISE FEE	166.1	192.0	226.6	226.6	1,288	1,288	2.9%	1,288	1,288	2.9%	1,320	236.1	2.9%	1,369	
ENERGY	350.0	375.0	400.0	400.0	2,273	2,273	5.1%	2,273	2,273	5.1%	2,341	424.4	5.1%	2,411	
REPAIRS & MAINTENANCE	204.1	303.9	355.8	355.8	1,727	2,022	4.5%	2,022	2,022	4.5%	2,072	373.8	4.5%	2,124	
TOTAL UNDISTRIBUTED	\$1,679.5	\$2,079.9	\$2,166.6	\$2,166.6	\$11,471	\$12,821	27.4%	\$12,821	\$12,821	27.4%	\$12,841	\$2,262.5	27.4%	\$12,899	
OPERATING EXPENSES	\$877.2	\$1,436.6	\$2,053.9	\$2,053.9	\$8,105	\$11,670	29.0%	\$11,670	\$11,670	29.0%	\$11,950	\$2,103.7	29.0%	\$12,237	
INCOME BEFORE FIXED CHARGES	\$1,650.0	\$2,316.3	\$2,853.4	\$2,853.4	\$1,802	\$1,802	3.3%	\$1,802	\$1,802	3.3%	\$1,957	\$2,771	3.3%	\$1,574	
FIXED CHARGES															
RE & PP TAXES	\$165.0	\$266.9	\$261.2	\$261.2	\$1,345	\$1,345	1.0%	\$1,345	\$1,345	1.0%	\$1,461	\$31.1	1.0%	\$472	
INSURANCE	51.0	67.5	75.1	75.1	384	449	1.4%	384	449	1.4%	461	83.1	1.4%	642	
CONF. CENTER RENT	62.5	92.5	107.9	107.9	529	611	5.7%	611	611	5.7%	626	112.9	5.7%	\$2,698	
TOTAL FIXED CHARGES	\$288.5	\$466.9	\$444.2	\$444.2	\$2,258	\$2,405	15.2%	\$2,405	\$2,405	15.2%	\$2,548	\$477.1	15.2%	\$8,638	
NET INCOME AFTER FIXED CHARGES	\$558.7	\$1,029.6	\$1,909.1	\$1,909.1	\$544	\$544	4.0%	\$544	\$544	4.0%	\$509	\$1,660.6	4.0%	\$8,349	
OTHER CHARGES															
RESERVE FOR REPLACEMENT	\$102.0	\$202.6	\$316.3	\$316.3	\$1,797	\$1,797	16.3%	\$1,797	\$1,797	16.3%	\$1,843	\$582.3	16.3%	\$7,851	
INCOME AVAILABLE FOR DEBT	\$456.6	\$827.0	\$1,292.8	\$1,292.8	\$325	\$325	16.2%	\$325	\$325	16.2%	\$325	\$1,348.3	16.2%	\$7,851	
SERVICE & OTHER FIXED CHARGES															

NOTES: 1. COLUMNS MAY NOT TOTAL EXACTLY DUE TO ROUNDING.
2. DEPARTMENTAL EXPENSE RATIOS ARE BASED UPON DEPARTMENTAL SALES, NOT TOTAL SALES.

SOURCE: VITALE REALTY ADVISORS

As Is Scenario – Income Approach (continued)

A summary of forecasted net operating income (NOI) at the subject hotel by the appraiser, VRA, is provided in the following table.

City Center Hotel Oshkosh, Wisconsin Summary of VRA Projected Net Operating Income		
Fiscal Year	Net Operating Income	% of Total Revenue
1	\$456,619	9.0%
2	\$827,010	12.2%
3	\$1,289,808	16.3%
4	\$1,318,747	16.3%
5	\$1,348,310	16.2%

After subtracting the projected operating expenses from revenues, the resulting net operating income (NOI) for the subject ranges from 9.0 to 16.2 percent of total revenue. We rely on market indicators to see if our NOI estimates are reasonable. Within the Host 2011: U.S Hotel Operating Statistics Study by STR, the average NOI margin for all full-service hotels was reported to be 19.1 percent of total revenue and all limited-service hotels was 34.2 percent. Within the 2011 Trends in the Hotel Industry by PKF, the average NOI margin for all full-service hotels was reported to be 20.6 percent of total revenue. The average NOI margin for all limited-service hotels was reported at 33.9 percent of total revenue. The range of values cited by the national studies indicates operating margins higher than the VRA forecast. Based on market information, we believe our forecast is reasonable and supported by this data.

The DCF approach estimates the value of the subject hotel as of a current valuation date by discounting the projected level of income and expenses of the subject at an appropriate discount rate that reflects the riskiness of the income stream relative to alternative investments available in the market. The reversion value is estimated using a direct capitalization technique, which uses an estimate of projected levels of income for a stabilized pro forma year, then capitalizes the resulting net operating income at an appropriate overall capitalization rate (OAR).

To arrive at a discount rate and reversion capitalization rate for this period, we analyzed surveys of investment criteria and data regarding hotel investments including studies published by RealtyRates.com, and PricewaterhouseCoopers (PwC Real Estate Investor Survey). We also analyzed recent sales. We apply a discount rate of 13.00 percent to the cash flows and a reversion capitalization rate of 10.50 percent in our discounted cash flow model.

A summary of our discounted cash flow analysis and reversion calculation is presented on the next page. After deducting estimated renovation costs of \$9,000,000, a current market value of \$160,000 for the subject under an As Is scenario is indicated. This conclusion is determined to be unreliable. The main reason we conclude it is unreliable is the magnitude of difference between the absolute values of our As Stabilized value conclusion and renovation costs versus our As Is value conclusion allows immaterial incremental changes to our projections to create material changes in the As Is value. Therefore, we have concluded that the Income Approach is **inconclusive** in determining the market value of the City Center Hotel on an As Is basis.

DISCOUNTED CASH FLOW ANALYSIS SUMMARY
CITY CENTER HOTEL
OSHKOSH, WINNEBAGO COUNTY, WISCONSIN
AS IS VALUE
AS OF FEBRUARY 1, 2012

<u>Year</u>	<u>Oper.</u> <u>Cash Flow</u>	<u>Discount</u> <u>Rate</u>	<u>PV Factor</u> ¹	<u>PV Amount</u>	<u>\$/Room</u> <u>Reversion Value Calculation</u>	<u>\$/Room</u>
1	(\$9,000,000)		100.00%	-\$9,000,000		
2	\$456,619	13.00%	79.12%	\$361,261	Year 5 Operating Cash Flow	\$1,348,310
3	\$827,010	13.00%	70.01%	\$579,027	Divided by OAR	10.50%
4	\$1,289,808	13.00%	61.96%	\$799,161	Gross Reversion Value	\$12,841,050
5	\$1,318,747	13.00%	54.83%	\$723,090	Less Selling Costs	\$385,232
6	\$13,804,129	13.00%	48.52%	\$6,698,253	Net Reversion Proceeds	\$12,455,819
			Indicated Value	\$160,792		\$914
			Rounded	\$160,000		\$909

¹The hotel is assumed to open on January 1, 2013 while the valuation date is February 1, 2012. The PV Factor is adjusted by 11 months to account for this lag in time.

Valuation Analysis – As Stabilized Scenario
Sales Comparison Approach

This scenario estimates a prospective market value for the City Center Hotel, assuming completion of the described renovations and stabilization of hotel operations. We select and present seven hotel sales, which are presented in the table below.

HOTEL SALES SUMMARY - AS STABILIZED SCENARIO											
Sale No.	Property Name/ Location	Sale Date	Year Built/ # Rooms	Building Size (SF)/ SF/Room	ADR/ Occupancy/ RevPAR	Total Sales Price	Sale Price/ Room	Sale Price/ SF	Cap. Rate	GRRM	GRM
1	Holiday Inn Express Onalaska, La Crosse Co., WI	Feb-10	1996 75	48,822 648	\$87.49 73.8% \$64.52	\$4,500,000	\$60,000	\$92.55	9.56%	2.89	2.84
2	Lodge at Cedar Creek V. of Rothschild, Marathon Co., WI	Aug-09	2004 140	174,872 1,249	\$93.55 50.9% \$47.65	\$6,270,000	\$44,786	\$35.85	NM	2.57	1.31
3	Hampton Inn Ashwaubenon, Brown Co., WI	Jan-09	1988/2008 114	52,590 461	\$103.00 66.0% \$67.98	\$10,500,000	\$92,105	\$199.66	10.72%	3.71	3.67
4	Hampton Inn Onalaska, La Crosse Co., WI	Dec-08	1997 107	51,933 485	\$90.01 72.0% \$64.81	\$9,000,000	\$84,112	\$173.30	11.53%	3.56	3.49
5	Wingate Inn Ashwaubenon, Brown Co., WI	Apr-08	2000-01 80	40,870 511	\$82.43 75.3% \$62.07	\$6,200,000	\$77,500	\$151.70	8.85%	3.42	3.28
6	Tundra Lodge Resort Green Bay, Brown Co., WI	Dec-07	2003 162	158,990 981	\$149.00 70.3% \$104.75	\$12,800,000	\$79,012	\$80.51	NA	2.07	1.71
7	Regency Suites (Now Hotel Sierra) Green Bay, Brown Co., WI	Mar-07	1985/2008 242	200,558 829	NA NA NA	\$17,000,000	\$70,248	\$84.76	NA	NA	NA

Summary Statistics						
	Total Price	Price/ Room	Price/ SF	Cap. Rate	GRRM	GRM
Min	\$4,500,000	\$44,786	\$35.85	8.85%	2.07	1.31
Max	\$17,000,000	\$92,105	\$199.66	11.53%	3.71	3.67
Median	\$9,000,000	\$77,500	\$92.55	10.14%	3.15	3.06
Avg	\$9,467,143	\$72,538	\$116.91	10.17%	3.04	2.72

Notes:
 1. RevPAR is revenue per available room.
 2. ADR is average daily room rate.
 3. Cap. Rate is imputed overall capitalization rate.
 4. GRM is gross revenue multiplier.
 5. GRRM is gross room revenue multiplier.

The transactions range in sale date from March 2007 to February 2010. They include both limited- and full-service hotels; however, our search focused on relatively strong performing hotels. The original construction dates of the seven sales range from 1985 to 2004; however, most of the sales were recently renovated at the time of sale as the subject is assumed to be in this scenario. The sales range in total purchase price from \$4,500,000 to \$17,000,000 with an average of \$9,467,143 and a median of \$9,000,000.

In this section, we analyze the prospective market value of the 176 rooms at the subject hotel in comparison to the sales presented earlier in terms of both price per room and Gross Revenue Multiplier (GRM) as the City Center Hotel is assumed to be a full-service hotel with significant food and beverage and banquet operations.

When analyzing both sets of sales in this report, 11 transactions are full-service hotels with revenue information available to the appraisers. These sales produced pro forma GRMs ranging from 0.73 to 1.78, with an average of 1.31 and a median of 1.31. VRA concludes an appropriate GRM for the Stabilized scenario to be above the group statistics of these sales. We apply this multiplier to the stabilized gross revenue total of \$7,907,312, as projected within the **Income Approach**. This calculation ($\$7,907,312 \times 1.50 = \$11,860,968$) results in a rounded value indication of \$11,860,000, or \$67,386 per guest room.

On a unit basis, the seven sales range from \$44,786 to \$92,105 per room with an average of \$77,500 per room and a median of \$72,538 per room. Once again, our analysis focused on RevPAR levels. The seven sales produced RevPARs ranging from \$47.65 to \$104.75. The stabilized RevPAR for the City Center Hotel is below the group statistics at \$58.80 per night. Therefore, assumed financial performance at stabilization suggests an appropriate prospective market value to be slightly below the group statistics of the sales presented. We select and apply a unit price of \$70,000 per room for the As Stabilized scenario. Based on the unit value of \$70,000 and 176 guest rooms, the indicated value from this analysis is \$12,320,000.

Once again, the GRM analysis provided a value indication of \$11,860,000 and the price-per-room analysis indicated a value of \$12,320,000. The average of the two methodologies applied within the Sales Comparison Approach equated to \$12,090,000. We have given equal consideration to each of the indicators and conclude an As Stabilized value conclusion of \$12,090,000.

As Stabilized Scenario – Income Approach

The As Stabilized date of value is January 1, 2015, which corresponds with our projected date when the property achieves stabilized occupancy (about three years from inspection). We have based our estimate of value under the As Stabilized scenario in the Income Approach on the direct capitalization technique. For the stabilized market value of the property, we apply a rate of 10.50 percent. This rate is the same rate applied earlier in this report.

In Fiscal Year 3, we project a stabilized NOI of \$1,289,808. Dividing this income level by our estimated capitalization rate of approximately 10.50 percent yields a stabilized market value for the property of \$12,283,882, rounded to **\$12,280,000** or \$69,773 per room.

Estimated Stabilized NOI	\$1,289,808
Divided by: Overall Cap. Rate	<u>+ 10.50%</u>
Indicated Value	\$12,283,882
Rounded	\$12,280,000

Mr. John Pfefferle
February 3, 2012
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Reconciliation and Final Opinions Of Value

Reconciliation involves the correlation of the conclusions reached from the three methodologies considering the property type, scenario involved and the requirements of the appraisal assignment. This process depends on the recognition of the appropriateness and reliability of each approach and of the quality and viability of the data obtained. A summary of the results from our analysis is presented below. A more detailed summary of our results is presented in the **Appendix**.

Approach	As Is	As Stabilized
Cost	Not Applicable	Not Applicable
Sales Comparison	\$1,060,000	\$12,090,000
Income	Inconclusive	\$12,280,000
Final Option	\$1,060,000*	\$12,240,000*
Date of Value	February 1, 2012	January 1, 2015

Due to current market conditions and the property type involved, we have estimated a marketing period of nine to 18 months to be appropriate for the subject. According to the PwC Real Estate Investor Survey, Third Quarter 2011, the average marketing time reported by survey respondents for a full-service hotel ranged from two to 24 months with an average of 8.80 months. The appraised value assumes an exposure period of nine to 18 months. The marketing time estimate is our opinion of the length of time necessary to market the real property in the future. The future price that may be achieved for the real property (at the end of the marketing time) may or may not be equal to our current appraised value estimate, depending on potential changes in the physical real estate, demographic and economic trends, the real estate market, tenancy, and property operations, among other factors.

Market Value Conclusions

It is our opinion that the As Is and prospective As Stabilized market values of the fee simple interest in the City Center Hotel in Oshkosh, Wisconsin, are as follows:

As Is as of February 1, 2012

ONE MILLION SIXTY THOUSAND (\$1,060,000) DOLLARS*

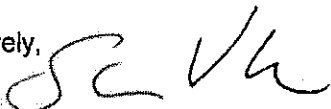
As Stabilized as of January 1, 2015

TWELVE MILLION TWO HUNDRED FORTY THOUSAND (\$12,240,000) DOLLARS**

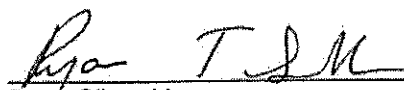
*Values presented are subject to the extraordinary assumptions presented in this report.

We enjoyed serving you in this matter.

Sincerely,



S. Steven Vitale, MAI
Wisconsin Certified General Appraiser No. 506



Ryan Sikorski
Wisconsin Certified General Appraiser No. 1766

APPENDIX

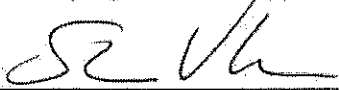
- Certification
- Statement of Assumptions and Limiting Conditions
- Executive Summary
- Photographs of the Subject Property
- Exhibits
- Qualifications

CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- We have not performed a previous appraisal of the subject property within the three years prior to this assignment.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The property was inspected by S. Steven Vitale, MAI, and Ryan Sikorski on January 31, 2012.
- The appraisers have the necessary knowledge and experience to competently complete this assignment.
- No one provided significant real property appraisal assistance in the production of analyses, opinions, and conclusions that are contained in this report.
- We certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- S. Steven Vitale, MAI (License No. 506), and Ryan Sikorski (License No. 1766) are currently Certified General Real Estate Appraisers in the State of Wisconsin.

- As of the date of this report, S. Steven Vitale, MAI, has completed the continuing education program of the Appraisal Institute.



S. Steven Vitale, MAI
Wisconsin Certified General Appraiser No. 506



Ryan Sikorski
Wisconsin Certified General Appraiser No. 1766

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

The estimate of value furnished will be limited as follows:

- The title to the subject property is assumed to be marketable and the property is free and clear of all liens and encumbrances, except as noted.
- No liability is assumed for matters which are legal or environmental in nature.
- Ownership and management are assumed to be in competent and responsible hands.
- No architectural or engineering study, property survey, soil study or environmental investigation has been made and no liability is assumed in connection with such matters. The described physical condition of any improvements is based on visual inspection only, and it is assumed that there are no hidden or unapparent physical conditions affecting value. Dimensions and areas were supplied by the subject's property management company, and are assumed to be correct.
- Improvements, if any, are assumed to be within lot lines and in accordance with local zoning and building ordinances as well as all applicable federal, state, and local laws and regulations, except as noted. Any plans, diagrams or drawings provided are intended solely to facilitate understanding and are not meant to be used as reference in matters of survey. The legal description furnished should be verified with the aid of competent legal counsel.
- This report specifically excludes the impact on marketability or value of underground storage tanks, contaminated soils, or other environmental situations caused by such a condition. None were observed at the time of inspection.
- The appraisal was prepared for the purpose stated and should not be used for any other purpose.
- All direct and indirect information supplied by your firm and property representatives concerning the subject property is assumed to be true and accurate. No responsibility is assumed for information supplied by others although any such information cited is believed to be reliable and correct.
- The signatories shall not be required to give further consultation or testimony, or appear in court or at any public hearing with reference to the property appraised, unless prior arrangements have been made with the client.
- Possession of this report, or a copy thereof, or any part thereof, does not carry with it the right of publication, nor may it be used by anyone but the party for whom it has been prepared without the prior written consent and approval of Vitale Realty Advisors, LLC.
- None of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which he is connected or any references to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, news media, sales media, or any other public means of communication without the prior written consent and approval of Vitale Realty Advisors, LLC.

- No responsibility is assumed for the accuracy of any descriptions of physical materials and conditions pertaining to the property, or for any damages sustained in connection with actual or potential deficiencies or hazards such as, but not limited to, inadequacies or defects in the structure, design, mechanical equipment or utility services associated with the improvements; air or water pollution; noise; flooding, storms or wind; traffic and other neighborhood hazards; radon gas, asbestos, natural or artificial radiation, or toxic substances, whether on or off the premises.
- This report is intended to be read and used as a whole and not in parts. Separation of any section or page from the main body of the report is expressly forbidden and invalidates the report.
- Where the property being considered is part of a larger parcel or tract, any values reported relate only to the portion being considered and should not be construed as applying with equal validity to other portions of the larger portion or tract.
- Any projections of future rents, expenses, net operating income, mortgage debt service, capital outlays, cash flows, inflation, capitalization rates, discount rates or interest rates are intended solely for analytical purposes and are not to be construed as predictions of Vitale Realty Advisors, LLC. They represent only the judgment of the authors as to the assumptions likely to be used by purchasers and sellers active in the marketplace, and their accuracy is in no way guaranteed.
- "The Americans with Disabilities Act" ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.
- This report shall not be shown to any third party without the consent and approval of the appraiser. Should the report be shown to a third party not authorized, the client agrees to hold harmless from any liability that might arise from such unauthorized use, including reasonable attorney fees for defense of action.
- Within the Income Approach, we have relied on historical financial statements provided by property representatives. We have assumed these statements to be true and accurate and have relied on them in our analysis.

Extraordinary Assumptions

Per the Uniform Standards of Professional Appraisal Practice (USPAP) an Extraordinary Assumption is defined as:

“an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions.”

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

Hypothetical Condition

Per the Uniform Standards of Professional Appraisal Practice (USPAP) a Hypothetical Condition is defined as:

“that which is contrary to what exists but is supposed for the purpose of analysis.”

Comment: Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

This appraisal report is subject to the following extraordinary assumptions and hypothetical conditions:

- The hotel is currently in poor-to-fair condition. Significant costs would need to be incurred to return the hotel to optimal operating condition and re-flag the hotel with a national franchise. The appraiser applies an estimate of \$9,000,000 to account for these costs. This estimate is based upon conversations with property representatives. *Should our estimate of these costs differ significantly from actual costs, we reserve the right to modify our analysis and conclusions accordingly.* We also assume that any planned renovations, repairs or demolition to the property will be constructed using good workmanship and quality materials or appropriate care. *Should the actual work lack these qualities, we reserve the right to adjust our analysis and conclusions accordingly.*
- The subject hotel has historically had a room count of 179. However, three of these rooms do not have beds and have been used as hospitality suites in the past. In addition, the hotel currently does not offer any multi-room suites. The appraisers have assumed the three hospitality suites would be combined with adjacent rooms to create three multi-room suites. Therefore, in our analysis, we apply room count of 176 rooms. *Should the actual room count at the newly renovated hotel differ from our assumed room count of 176, we reserve the right to adjust our analysis and conclusions accordingly.*

Extraordinary Assumptions and Hypothetical Conditions (continued)

- The subject hotel is adjacent and connected to a three-story parking ramp. The subject relies on this ramp for its parking needs. The client believes this ramp is owned by the City of Oshkosh with the underlying land being owned by a third party. The client believes that the city is responsible for both the maintenance and operation of the ramp. The client assumes it will not incur any charges for using the parking ramp in the future. We apply this assumption to our analysis. *Should the subject hotel incur expenses for using this parking structure in the future, we reserve the right to modify our analysis and conclusions accordingly.* Please note that city officials have a conflicting opinion of both the ownership and future operational status of the parking ramp. A representative of the City of Oshkosh told the appraisers it is their belief that the parking ramp is owned by the hotel. They also believe that in exchange for maintenance services by the city in the future, the city would require rent payments from the subject hotel.
- The client provided the appraiser with two sets of projections for the hotel, assuming completion of the detail reservation. These projections were prepared by Hospitality Marketers International, Inc., and Richard Batley, a potential investor in this project, respectively. Our financial projections partially rely on these market studies. *Should these market studies change significantly or actual performance deviate significantly from these market studies, we reserve the right to adjust our analysis and conclusions accordingly.*
- The As Stabilized scenario assumes the completion of an extensive renovation of the hotel. *Should these improvements be materially delayed or not eventually occur, we reserve the right to adjust all of our analysis and conclusions accordingly.*
- Our analysis of the City Center Hotel for the As Stabilized scenario assumes the subject hotel will operate the adjacent Oshkosh Convention Center, which is owned by the City of Oshkosh. The client provided us with preliminary terms for that agreement. The client tentatively believes that with ownership of the City Center Hotel they will be allowed to operate the Oshkosh Convention Center in exchange for 5.0 percent of revenue from these operations. However, this agreement is tentative. *Should the terms of the Oshkosh Convention Center lease differ significantly than its representation in this report, we reserve the right to adjust our analysis and conclusions accordingly.*
- The client is a potential investor in the purchase of the City Center Hotel. Another potential investor, either directly or indirectly, in this project is the University of Wisconsin-Oshkosh. According to the client, the university intends to be a significant provider of guest demand at the renovated hotel. The university is host to numerous athletic and academic functions and the client believes up to 25 percent of demand could be provided by this source. Our projections assume University of Wisconsin-Oshkosh is directly involved and a significant demand generator for the hotel. *Should the University of Wisconsin-Oshkosh either not partner in this investment and/or direct sufficient demand to the newly renovated City Center Hotel, we reserve the right to adjust her analysis inclusions accordingly.*

EXECUTIVE SUMMARY

DESCRIPTION AND LOCATION OF PROPERTY:

Property Name:	City Center Hotel
Location:	1 N. Main Street City of Oshkosh, Winnebago County, Wisconsin.
Current Use:	Full-service hotel
Highest and Best Use:	Operation of the property as a full-service hotel in conjunction with the adjacent city-owned convention center. Significant renovations to the subject are needed for this use.
Site Description:	The 1.03-acre site is within the central business district of Oshkosh and borders the Fox River to the south. The Fox River flows into Lake Winnebago about ½ mile to the east. The site is at the southwest corner of the Main Street and Ceape Avenue intersection. The hotel is attached to the 18,000-square foot Oshkosh Convention Center via skywalk over Main Street. The city-owned Oshkosh Convention Center is on the east side of Main Street and has historically been operated by the owners of the subject hotel. The subject hotel is also connected to a three-story parking ramp to the west. The subject relies on this ramp for its parking needs. The subject site is serviced by all municipal utilities including gas, electric, sewer, water and telephone. Access, visibility and site improvements appear adequate and reasonable for the subject's current use as a hotel.
Improvement Description:	The subject is a full-service hotel that was built in 1986. The structure is an eight-story reinforced concrete structure with a brick and reflective glass exterior that totals about 118,350 square feet. This size includes an approximately 5,500-square foot mezzanine for maintenance operations and storage. The City Center Hotel has a full-service restaurant and lounge, indoor swimming pool and whirlpool, game room, fitness center and about 6,507 square feet of function space and meeting rooms.

EXECUTIVE SUMMARY (CONTINUED)

Imp. Description (cnt'd): The subject hotel reportedly sold in May 2009 for \$2,006,250, or \$11,208 per room. The hotel was purchased via bank auction following foreclosure of the property. According to public records, the hotel is currently owned by Nashco Hospitality Group, LLC. At the time of inspection, the subject hotel was in poor-to-fair condition. The hotel ceased food and beverage operations in October 2011 after failing a City inspection of the kitchen. The restaurant and lounge are currently closed and the function space is significantly underutilized. The swimming pool and whirlpool were also closed around the same time due to not being in compliance with the Virginia Baker Act. The pools have been drained and that area is currently closed to guests. The whirlpool also leaks significantly and is not safely operable. Guest rooms and other common areas toured were also in poor-to-fair condition. While we were not provided with current financial statements for the hotel, operating performance at the City Center Hotel reportedly has been adversely and materially affected by its physical condition and the closing of the amenities listed earlier.

Zoning: C-3DOPD

Parcel Identification No.: 0100400000

Flood Zone: None of the subject site is within a flood plain area.

FINAL OPINIONS OF VALUE:

Approach	As Is	As Stabilized
Cost	Not Applicable	Not Applicable
Sales Comparison	\$1,060,000	\$12,090,000
Income	Inconclusive	\$12,280,000
Final Option	\$1,060,000*	\$12,240,000*
Date of Value	February 1, 2012	January 1, 2015

*Values presented are subject to the extraordinary assumptions presented in this report.

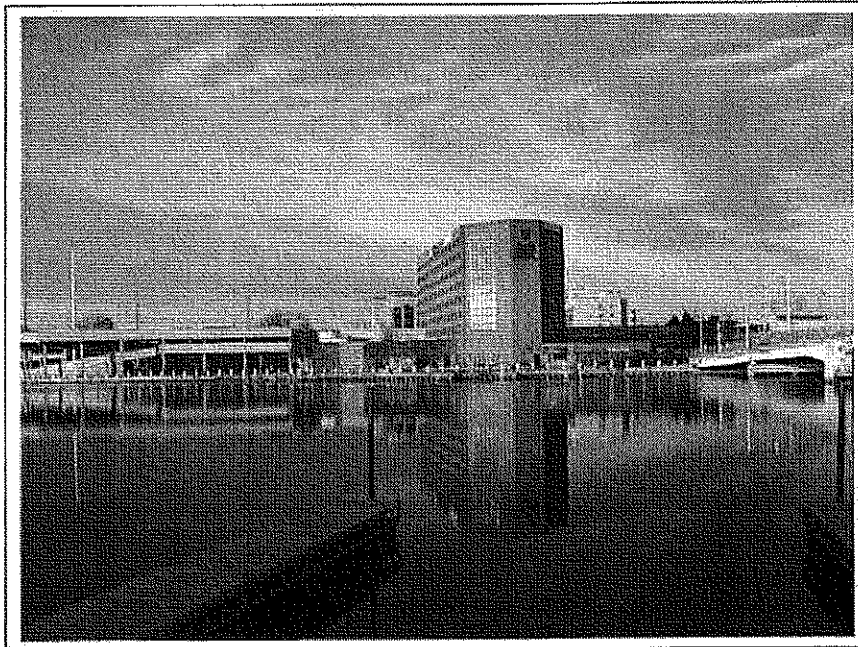
Date of Inspection/Valuation: January 31, 2012

Marketing Time: 9 to 18 months

**PHOTOGRAPHS OF THE SUBJECT PROPERTY
CITY CENTER HOTEL, A FULL-SERVICE HOTEL
1 NORTH MAIN STREET, CITY OF OSHKOSH, WINNEBAGO COUNTY, WISCONSIN**

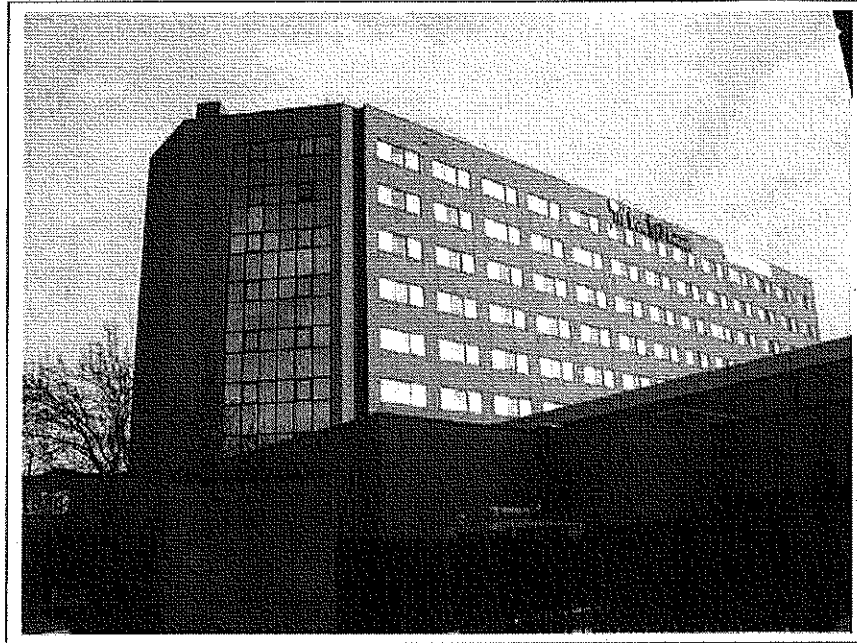


Exterior view of the City Center Hotel from the east side of Main Street Avenue.
Photos were taken by S. Steven Vitale, MAI, on January 31, 2012.

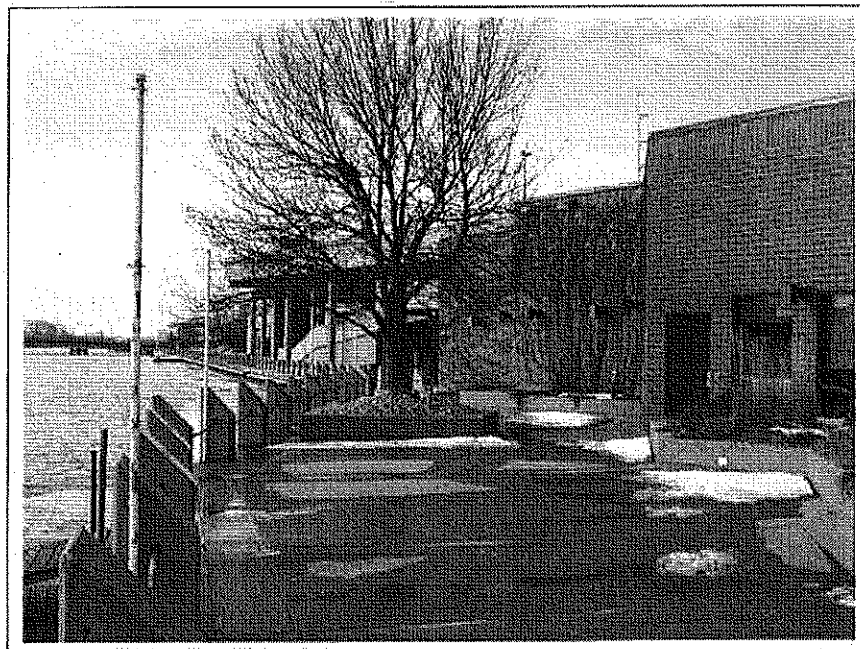


Exterior view of the hotel from the south side of the Fox River.

**PHOTOGRAPHS OF THE SUBJECT PROPERTY
CITY CENTER HOTEL, A FULL-SERVICE HOTEL
1 NORTH MAIN STREET, CITY OF OSHKOSH, WINNEBAGO COUNTY, WISCONSIN**

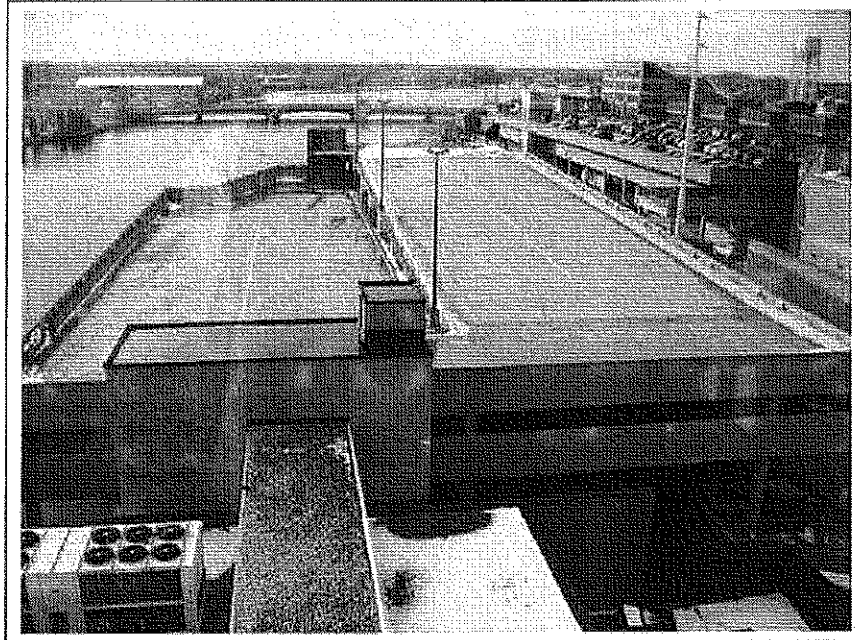


Exterior view of the west face of the City Center Hotel.

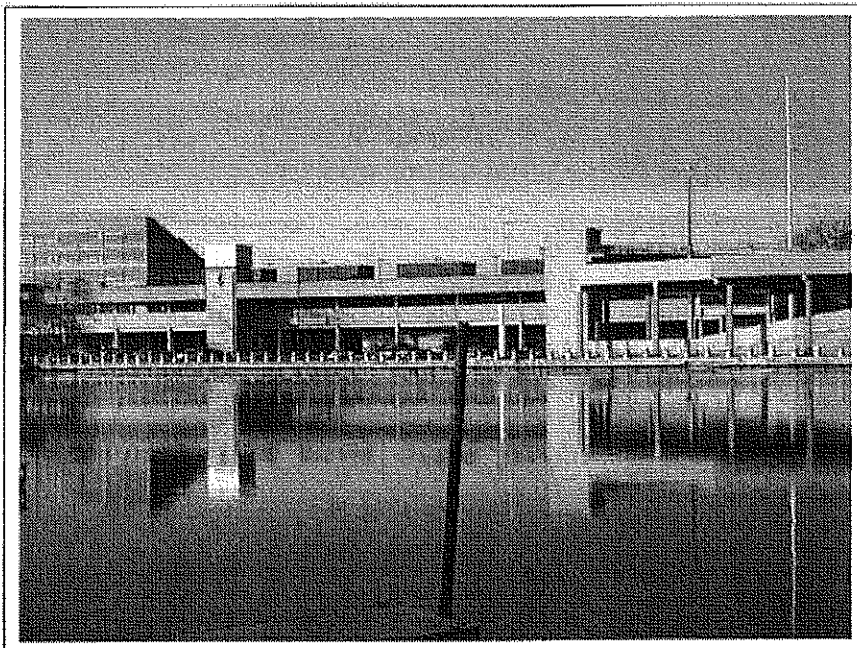


Exterior view of the boardwalk along the south side of the hotel.

**PHOTOGRAPHS OF THE SUBJECT PROPERTY
CITY CENTER HOTEL, A FULL-SERVICE HOTEL
1 NORTH MAIN STREET, CITY OF OSHKOSH, WINNEBAGO COUNTY, WISCONSIN**



Exterior view of the adjacent parking structure from a 7th floor hotel room.

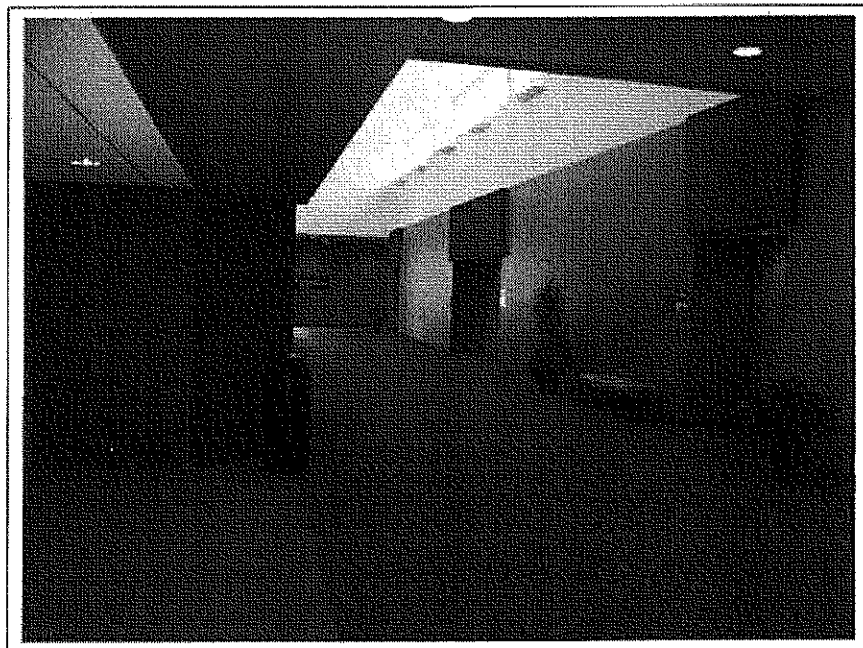


Exterior view of the parking structure from the south side of the Fox River.

PHOTOGRAPHS OF THE SUBJECT PROPERTY
CITY CENTER HOTEL, A FULL-SERVICE HOTEL
1 NORTH MAIN STREET, CITY OF OSHKOSH, WINNEBAGO COUNTY, WISCONSIN



Exterior view of the neighboring Oshkosh Convention Center.



Interior view of the neighboring Oshkosh Convention Center.

**PHOTOGRAPHS OF THE SUBJECT PROPERTY
CITY CENTER HOTEL, A FULL-SERVICE HOTEL
1 NORTH MAIN STREET, CITY OF OSHKOSH, WINNEBAGO COUNTY, WISCONSIN**

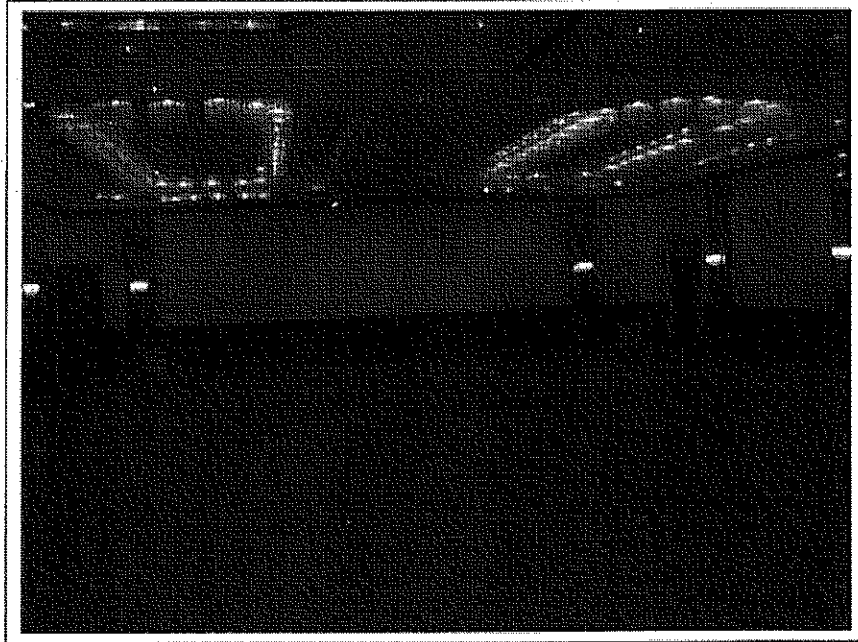


Interior view of the hotel lobby.

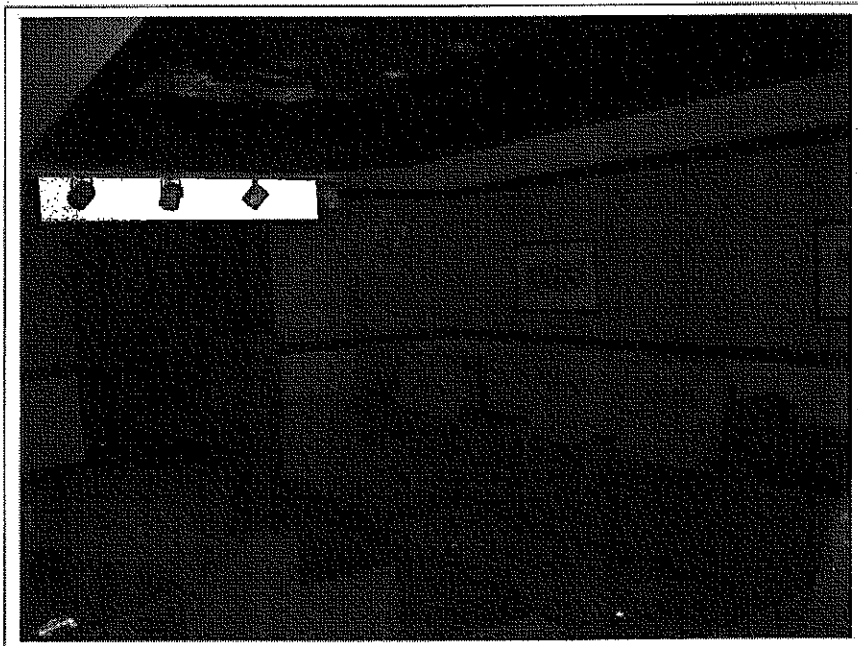


Interior view of the closed restaurant.

**PHOTOGRAPHS OF THE SUBJECT PROPERTY
CITY CENTER HOTEL, A FULL-SERVICE HOTEL
1 NORTH MAIN STREET, CITY OF OSHKOSH, WINNEBAGO COUNTY, WISCONSIN**

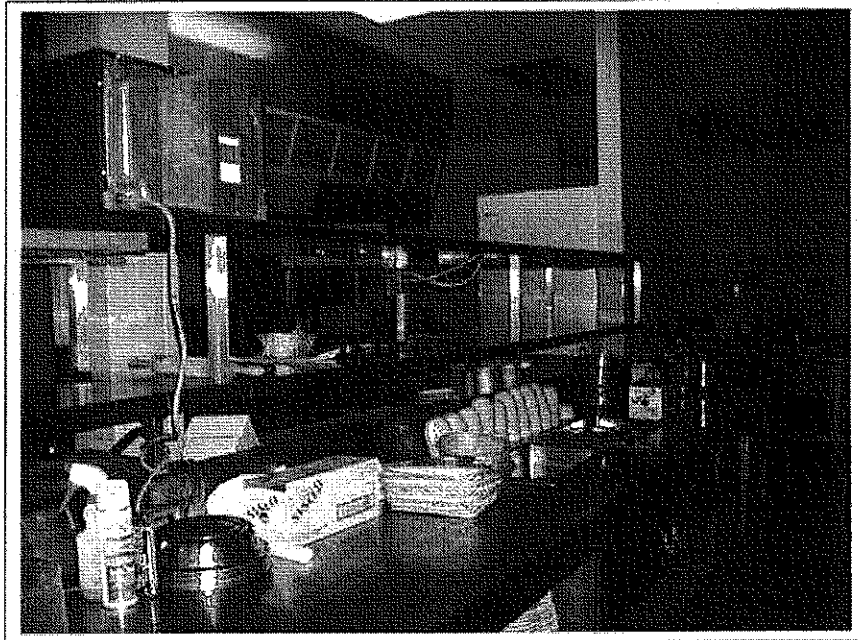


Interior view of the LaSalle Ballroom.

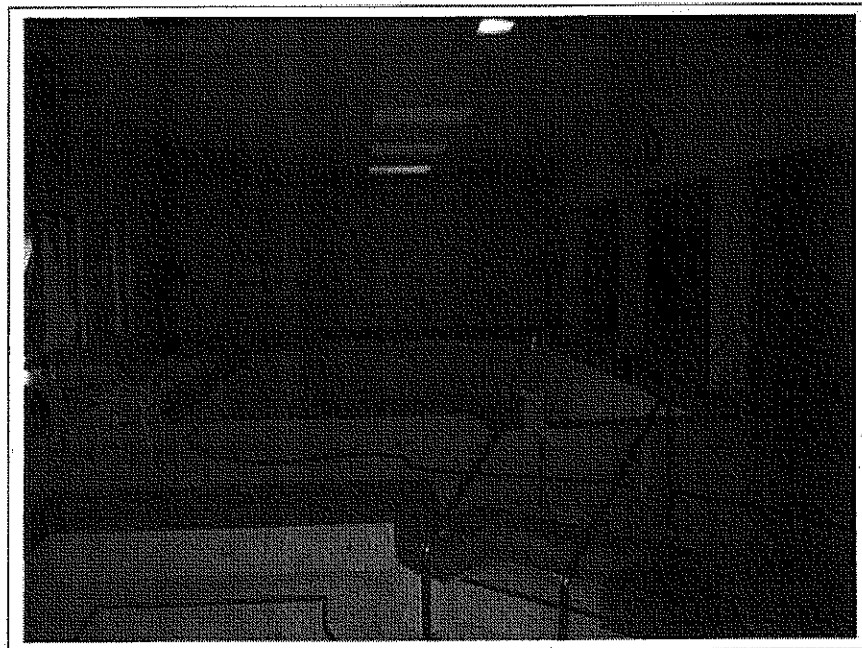


Interior view of the Board Room.

**PHOTOGRAPHS OF THE SUBJECT PROPERTY
CITY CENTER HOTEL, A FULL-SERVICE HOTEL
1 NORTH MAIN STREET, CITY OF OSHKOSH, WINNEBAGO COUNTY, WISCONSIN**

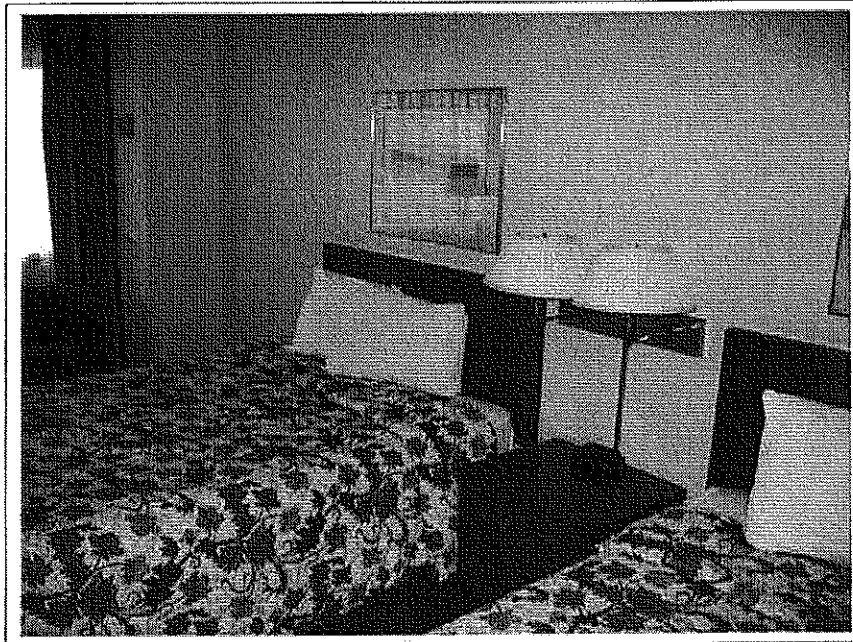


Interior view of the non-operating kitchen.

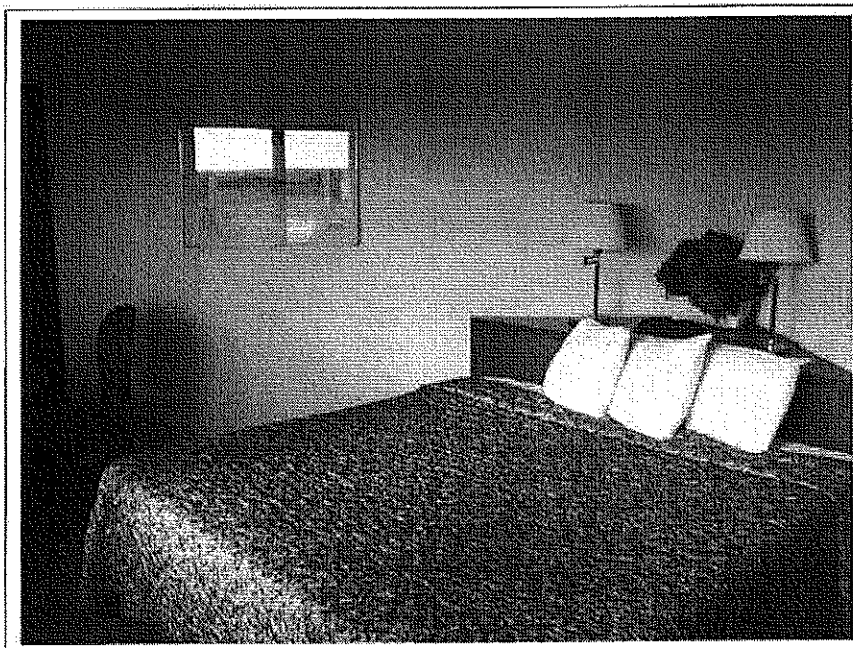


Interior view of the drained and closed swimming pool and whirlpool.

**PHOTOGRAPHS OF THE SUBJECT PROPERTY
CITY CENTER HOTEL, A FULL-SERVICE HOTEL
1 NORTH MAIN STREET, CITY OF OSHKOSH, WINNEBAGO COUNTY, WISCONSIN**



Representative view of guest room.



Additional representative view of guest room.

EXHIBITS

**CITY CENTER HOTEL
 OSHKOSH, WINNEBAGO COUNTY, WISCONSIN
 VALUATION SUMMARY
 AS IS AND AS STABILIZED VALUES**

As Is February 1, 2012	As Stabilized January 1, 2015
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SALES COMPARISON APPROACH

	176	\$6,000		\$7,907,312		\$11,860,968			
GRM				Mult: 1.50					
\$/Room		\$1,056,000	\$/Room \$6,000	176	\$70,000	\$12,320,000	\$11,860,000	\$/Room \$67,386	Weight 50.00%
Average		\$1,056,000	\$6,000			\$12,320,000	\$12,320,000	\$70,000	50.00%
		Rounded	\$6,023			Rounded	\$12,090,000	\$68,693	100.00%

Full-Service Hotel

Comps		Total	Price	\$/Room	\$/Room	Year 3 NOI	Cap Rate	\$/Room	Weight
Minimum		\$1,550,000	\$4,500,000	\$11,208	\$44,786	\$1,289,808	10.50%	\$7,328	20.0%
Maximum		\$5,200,000	\$17,000,000	\$35,862	\$92,105	\$12,283,882		\$69,795	80.0%
Average		\$2,705,568	\$9,000,000	\$22,990	\$77,500	Rounded		\$69,773	100.0%
Median		\$2,500,000	\$9,467,143	\$23,077	\$72,538			\$69,545	

INCOME APPROACH

5-Year DCF (See Attached Exhibit)	\$/Room \$909
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FINAL VALUE CONCLUSION

Sales Comparison Approach	\$/Room \$6,023	Weight 100.0%
Income Approach	\$909	0.0%
	\$6,023	100.0%
Rounded	\$1,060,000	\$6,023

**CITY CENTER HOTEL
OSHKOSH, WINNEBAGO COUNTY, WISCONSIN
PROJECTED OPERATING RESULTS - HMI**

	2012	2013	2014	2015	2016
TOTAL ROOMS/YEAR	65,335	65,335	65,335	65,335	65,335
OCC ROOMS/OCCUPANCY/AOR	34,928	40,403	43,977	45,735	47,585
179 ROOMS					
REVENUES					
ROOMS	\$3,166.1	\$3,892.0	\$4,512.9	\$4,657.7	\$5,228.8
FOOD AND BEVERAGE	2,097.9	2,897.8	2,929.3	3,031.9	3,198.0
OTHER OPERATED DEPARTMENTS	353.5	421.1	471.8	486.3	505.4
RENTS & OTHER INCOME	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES	\$5,617.5	\$7,191.8	\$7,914.0	\$8,175.9	\$8,972.2
DEPARTMENTAL EXPENSES					
ROOMS	\$928.5	\$1,140.9	\$1,317.5	\$1,412.7	\$1,515.0
FOOD & BEVERAGE	1,659.0	2,135.3	2,182.3	2,298.7	2,397.8
TOTAL DEPARTMENTAL EXPENSES	\$2,587.5	\$3,276.2	\$3,499.8	\$3,711.4	\$3,912.8
DEPARTMENTAL PROFIT	\$3,116.1	\$3,903.6	\$4,414.2	\$4,706.4	\$5,019.4
UNDISTRIBUTED OPERATING EXPENSES					
A&G	\$515.6	\$659.3	\$726.9	\$763.2	\$814.2
MANAGEMENT FEE	179.4	1,002	1,284	1,498	1,555
MARKETING	476.8	2,663	3,109	3,276	3,470
FRANCHISE FEE	94.7	529	1,281	1,357	1,461
ENERGY	263.6	337.5	372.0	393.8	417.0
REPAIRS & MAINTENANCE	224.3	1,259	1,855	2,211	2,473
TOTAL UNDISTRIBUTED OPERATING EXPENSES	\$1,754.3	\$2,223.0	\$2,527.4	\$2,679.2	\$2,841.2
INCOME BEFORE FIXED CHARGES	\$1,361.8	\$1,680.5	\$1,886.8	\$2,027.2	\$2,178.2
FIXED CHARGES					
RE & PP TAXES	\$165.0	\$237.0	\$261.2	\$276.5	\$282.8
INSURANCE	61.7	79.0	87.1	92.2	97.6
RENT	0.0	0.0	0.0	0.0	0.0
TOTAL FIXED CHARGES	\$246.7	\$316.0	\$348.2	\$368.6	\$380.4
NET INCOME AFTER FIXED CHARGES	\$1,115.1	\$1,364.5	\$1,538.6	\$1,658.6	\$1,797.8
OTHER CHARGES					
RESERVE FOR REPLACEMENT	\$112.2	\$215.4	\$316.6	\$355.1	\$403.8
INCOME AVAILABLE FOR DEBT	\$1,002.9	\$1,149.2	\$1,222.0	\$1,303.4	\$1,394.0
SERVICE & OTHER FIXED CHARGES					
Projected	2012	2013	2014	2015	2016
Current Dollars (000's)					
Rev/PAR	\$46.31	\$59.87	\$69.07	\$74.35	\$78.21
Rev/PAR	\$90.36	\$96.33	\$102.62	\$108.21	\$114.35
% of Sales Ratio	53.5%	61.8%	67.3%	70.0%	72.6%
POR's or PAR's					
\$90.36	\$96.33	\$102.62	\$108.21	\$114.35	
56.3%	54.2%	57.0%	58.0%	58.9%	
37.4%	39.9%	37.0%	39.2%	35.4%	
6.3%	5.9%	10.42	10.68	5.7%	
0.0%	0.0%	0.0%	0.0%	0.0%	
100.0%	100.0%	100.0%	100.0%	100.0%	
29.4%	29.3%	29.2%	29.1%	29.0%	
74.5%	74.5%	74.3%	74.5%	74.5%	
44.4%	45.6%	44.2%	43.8%	43.4%	
55.6%	54.4%	55.8%	56.2%	56.6%	
9.2%	9.2%	9.2%	9.2%	9.2%	
3.2%	3.2%	3.2%	3.2%	3.2%	
8.3%	7.8%	7.0%	7.0%	7.0%	
1.7%	1.6%	2.8%	2.8%	2.8%	
4.7%	4.7%	4.7%	4.7%	4.7%	
4.0%	4.5%	5.0%	5.0%	5.0%	
31.3%	31.0%	31.9%	32.0%	32.0%	
24.3%	23.4%	23.8%	24.2%	24.6%	
3.3%	3.3%	3.3%	3.3%	3.3%	
1.1%	1.1%	1.1%	1.1%	1.1%	
0.0%	0.0%	0.0%	0.0%	0.0%	
4.4%	4.4%	4.4%	4.4%	4.4%	
19.9%	19.0%	19.4%	19.8%	20.2%	
2.0%	2.0%	4.0%	4.0%	4.0%	
17.9%	16.0%	15.4%	15.6%	16.2%	
Rev/PAR	\$108.21	\$114.35	\$120.50	\$126.65	\$132.80
POR's or PAR's	\$108.21	\$114.35	\$120.50	\$126.65	\$132.80
58.9%	58.0%	58.0%	58.0%	58.9%	
35.4%	39.2%	37.0%	39.2%	35.4%	
5.7%	5.7%	10.68	10.68	5.7%	
0.0%	0.0%	0.0%	0.0%	0.0%	
100.0%	100.0%	100.0%	100.0%	100.0%	
29.0%	29.1%	29.2%	29.1%	29.0%	
74.5%	74.5%	74.3%	74.5%	74.5%	
43.4%	43.8%	44.2%	43.8%	43.4%	
56.6%	56.2%	55.8%	56.2%	56.6%	
9.2%	9.2%	9.2%	9.2%	9.2%	
3.2%	3.2%	3.2%	3.2%	3.2%	
7.0%	7.0%	7.0%	7.0%	7.0%	
2.8%	2.8%	2.8%	2.8%	2.8%	
4.7%	4.7%	4.7%	4.7%	4.7%	
5.0%	5.0%	5.0%	5.0%	5.0%	
32.0%	32.0%	32.0%	32.0%	32.0%	
24.6%	24.2%	24.2%	24.2%	24.6%	
3.3%	3.3%	3.3%	3.3%	3.3%	
1.1%	1.1%	1.1%	1.1%	1.1%	
0.0%	0.0%	0.0%	0.0%	0.0%	
4.4%	4.4%	4.4%	4.4%	4.4%	
20.2%	19.8%	19.8%	19.8%	20.2%	
4.0%	4.0%	4.0%	4.0%	4.0%	
16.2%	15.6%	15.6%	15.6%	16.2%	

NOTES: 1. COLUMNS MAY NOT TOTAL EXACTLY DUE TO ROUNDING.
2. DEPARTMENTAL EXPENSE RATIOS ARE BASED UPON DEPARTMENTAL SALES, NOT TOTAL SALES.

SOURCE: HOSPITALITY MARKETERS INTERNATIONAL

**CITY CENTER HOTEL
OSHKOSH, WINNEBAGO COUNTY, WISCONSIN
PROJECTED OPERATING RESULTS - RICH BATLEY**

	Projected Year 1	RevPAR	Projected Year 2	RevPAR	Projected Year 3	RevPAR			
TOTAL ROOMS/YEAR	65,335	\$40.70	65,335	\$51.96	65,335	\$64.02			
OCC. ROOMS/OCCUPANCYADR	29,401	\$60.45	35,934	\$94.47	42,488	\$98.49			
179 ROOMS	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's	Current Dollars (000's)	% of Sales Ratio	POR's or PAR's
REVENUES									
ROOMS	\$2,559.3	51.3%	\$90.45	\$3,394.7	49.7%	\$94.47	\$4,182.6	50.0%	\$98.49
FOOD AND BEVERAGE									
HOTEL BANQUET									
FOOD	\$250.0	4.8%	\$8.50	\$400.0	5.7%	\$11.13	\$450.0	5.4%	\$10.00
BEVERAGE	82.5	1.2%	2.13	100.0	1.4%	2.79	112.5	1.3%	2.65
OTHER	121.8	2.3%	4.14	176.8	2.5%	4.91	200.3	2.6%	4.66
HOTEL BANQUET TOTAL	\$434.3	6.4%	\$14.77	\$676.8	9.7%	\$18.83	\$768.8	9.2%	\$18.10
HOTEL RESTAURANT									
FOOD	\$600.0	11.6%	\$20.41	\$750.0	10.8%	\$20.87	\$900.0	10.8%	\$21.19
BEVERAGE	200.0	3.9%	6.80	250.0	3.6%	6.98	300.0	3.6%	7.08
HOTEL RESTAURANT TOTAL	\$800.0	15.4%	\$27.21	\$1,000.0	14.3%	\$27.83	\$1,200.0	14.4%	\$28.26
CONFERENCE CENTER									
FOOD	\$750.0	14.5%	\$23.51	\$1,125.0	16.1%	\$31.31	\$1,300.0	15.0%	\$30.51
BEVERAGE	167.5	3.3%	5.30	261.3	4.0%	7.83	325.0	3.9%	7.65
OTHER	328.3	6.3%	11.10	483.1	6.6%	12.69	547.5	6.6%	12.80
CONFERENCE CENTER TOTAL	\$1,245.8	24.1%	\$40.91	\$1,869.4	26.7%	\$52.02	\$2,172.5	26.0%	\$51.16
FOOD AND BEVERAGE TOTAL	\$2,498.0	49.2%	\$84.96	\$3,545.9	50.0%	\$98.68	\$4,141.3	49.5%	\$97.51
OTHER OPERATED DEPARTMENTS	\$26.9	0.5%	\$0.91	\$30.7	0.4%	\$0.85	\$34.5	0.4%	\$0.81
RENTS & OTHER INCOME	0.0	0.0%	0.00	0.0	0.0%	0.00	0.0	0.0%	0.00
TOTAL REVENUES	\$5,184.2	100.0%	\$179.33	\$6,971.3	100.0%	\$194.00	\$8,358.4	100.0%	\$198.82
DEPARTMENTAL EXPENSES									
ROOMS	\$846.2	31.6%	\$29.79	\$987.5	29.1%	\$27.48	\$1,113.7	26.6%	\$26.23
FOOD AND BEVERAGE (F&B)									
HOTEL BANQUET & CC									
FOOD COGS	\$300.0	30.0%	\$10.20	\$457.5	30.0%	\$12.73	\$525.0	30.0%	\$12.35
BEVERAGE COGS	67.5	23.0%	1.96	87.7	23.0%	2.44	100.6	23.0%	2.97
GRATUITIES PAID	161.1	12.9%	5.48	245.7	12.9%	6.84	201.9	12.9%	6.84
HOTEL BANQUET & CC TOTAL	\$610.8	30.5%	\$17.64	\$790.9	31.1%	\$22.01	\$907.6	30.9%	\$21.37
HOTEL RESTAURANT COGS									
FOOD	\$192.0	32.0%	\$6.53	\$240.0	32.0%	\$6.66	\$288.0	32.0%	\$6.78
BEVERAGE	48.0	24.0%	1.63	60.0	24.0%	1.67	72.0	24.0%	1.70
HOTEL RESTAURANT COGS TOTAL	\$240.0	30.0%	\$8.16	\$300.0	30.0%	\$8.35	\$360.0	30.0%	\$8.48
F&B LABOR	\$689.5	27.6%	\$23.45	\$827.2	23.3%	\$23.02	\$922.6	22.3%	\$21.73
F&B SUPPLIES	172.2	6.9%	5.65	209.9	6.9%	5.84	245.2	5.9%	5.77
FOOD AND BEVERAGE TOTAL	\$1,620.3	34.8%	\$55.11	\$2,128.0	30.0%	\$59.22	\$2,435.5	29.8%	\$57.35
TOTAL DEPARTMENTAL EXPENSES	\$2,480.8	47.8%	\$83.89	\$3,115.5	44.7%	\$86.70	\$3,548.4	42.5%	\$83.68
DEPARTMENTAL PROFIT	\$2,717.8	52.4%	\$92.43	\$3,855.9	55.3%	\$107.30	\$4,809.0	57.5%	\$113.24
UNDISTRIBUTED OPERATING EXPENSES									
A&G	\$429.2	8.3%	\$2,398	\$479.1	6.9%	\$2,677	\$521.3	6.2%	\$2,912
MANAGEMENT FEE	155.5	3.0%	869	209.1	3.0%	1,168	250.8	3.0%	1,401
MARKETING	462.7	8.9%	2,585	458.1	6.6%	2,559	451.6	5.4%	2,523
FRANCHISE FEE	70.8	1.4%	394	74.1	1.1%	414	77.8	0.9%	435
ENERGY	344.3	6.6%	1,923	372.5	5.3%	2,081	400.8	4.8%	2,239
REPAIRS & MAINTENANCE	187.9	3.2%	939	226.7	3.3%	1,287	259.0	3.1%	1,447
TOTAL UNDISTRIBUTED	\$1,620.3	31.4%	\$9,108	\$1,819.7	26.1%	\$10,169	\$1,981.2	23.5%	\$10,957
OPERATING EXPENSES	\$1,620.3	31.4%	\$9,108	\$1,819.7	26.1%	\$10,169	\$1,981.2	23.5%	\$10,957
INCOME BEFORE FIXED CHARGES	\$1,087.3	21.0%	\$8,075	\$2,036.2	29.2%	\$11,376	\$2,047.8	34.1%	\$15,910
FIXED CHARGES									
RE & PP TAXES	\$185.0	3.5%	\$1,034	\$236.9	3.4%	\$1,324	\$261.2	3.1%	\$1,458
INSURANCE	42.0	0.8%	236	44.0	0.6%	248	46.0	0.6%	257
CONF. CENTER RENT	53.2	1.0%	297	78.7	1.1%	440	91.5	1.1%	511
TOTAL FIXED CHARGES	\$280.2	5.4%	\$1,567	\$359.6	5.2%	\$2,012	\$398.7	4.8%	\$2,227
NET INCOME AFTER FIXED CHARGES	\$807.1	15.6%	\$4,509	\$1,676.5	24.0%	\$9,364	\$2,449.2	29.3%	\$13,683
OTHER CHARGES									
RESERVE FOR REPLACEMENT	\$0.0	0.0%	\$0	\$0.0	0.0%	\$0	\$0.0	0.0%	\$0
INCOME AVAILABLE FOR DEBT	\$807.1	15.6%	\$4,509	\$1,676.5	24.0%	\$9,364	\$2,449.2	29.3%	\$13,683
SERVICE & OTHER FIXED CHARGES	\$807.1	15.6%	\$4,509	\$1,676.5	24.0%	\$9,364	\$2,449.2	29.3%	\$13,683

NOTES: 1. COLUMNS MAY NOT TOTAL EXACTLY DUE TO ROUNDING.
2. DEPARTMENTAL EXPENSE RATIOS ARE BASED UPON DEPARTMENTAL SALES, NOT TOTAL SALES.

SOURCE: RICH BATLEY



STATE OF WISCONSIN REAL ESTATE PROPERTY TAX BILL FOR 2011 City of Oshkosh

OSHKOSH CITY TREASURER
TAX COLLECTION OFFICE
PO BOX 1128
OSHKOSH WI 54903-1128

PROPERTY ADDRESS 1 N MAIN ST

PARCEL NUMBER

0100400000



NASHCO HOSPITALITY GROUP LLC
1 N MAIN ST
OSHKOSH WI 54901-4898

FULL PAYMENT 50777.84



BILL NUMBER 00006

Visit www.ci.oshkosh.wi.us for tax/payment information

Assessed Value Land	Ass'd Value Improvements	Total Assessed Value	Ave. Assessment Ratio	Net Assessed Value Rate <small>(Does NOT reflect Credits)</small>	
269,200	1,657,100	1,926,300	.98822889	23.911	
Est. Fair Mkt Land	Est. Fair Mkt. Improvements	Total Est. Fair Mkt.	<input type="checkbox"/> A Star in This Box Means Unpaid Prior Year Taxes	School Taxes Reduced by School Levy Tax Credit	
272,400	1,676,800	1,949,200		2,400.17	
2010 Est. State Aids Allocated Tax Dist.	2011 Est. State Aids Allocated Tax Dist.	Tax Jurisdiction	2010 Net Tax	2011 Net Tax	% Tax Change
1,788,675	1,480,738	STATE OF WISCONSIN	333.25	331.32	-0.6%
14,680,080	13,236,645	WINNEBAGO COUNTY	11,180.24	11,049.26	-1.2%
47,177,096	42,381,686	CITY OF OSHKOSH	16,581.59	16,943.74	2.2%
1,627,243	1,239,365	SCH DIST #4179	14,537.79	14,243.06	-2.0%
		TCDB DISTRICT	3,494.31	3,492.38	-0.1%
		TOTAL	46,127.18	46,059.76	-0.2%
		First Dollar Credit	59.52	58.02	-2.5%
		Lottery/Gaming Credit	.00	.00	0.0%
		Net Property Tax	46,067.66	46,001.74	-0.2%
Make Check Payable to: City of Oshkosh			Net Property Tax 46,001.74		
			BUSINESS IMP DIST 4,776.10		
Full Payment Due On or Before January 31, 2012			50,777.84		
1 st Installment Due - JANUARY 31, 2012			12,694.46		
2 nd Installment Due - MARCH 31, 2012			12,694.46		
3 rd Installment Due - MAY 31, 2012			12,694.46		
4 th Installment Due - JULY 31, 2012			12,694.46		

LOT 3 CSM 1197 DOC #602518 R OF D

IMPORTANT: Correspondence should refer to tax number - **SEE REVERSE SIDE FOR IMPORTANT INFORMATION.** Be sure this description covers your property. This description is for property tax bill only and may not be a full legal description.

OWNER NAME
NASHCO HOSPITALITY GROUP LLC

TOTAL DUE	FOR FULL PAYMENT Pay by January 31, 2012
\$	50,777.84
<p>Warning: If not paid by due dates, installment option is lost and total is delinquent subject to interest and, if applicable, penalty. Failure to pay on time - See reverse.</p>	

1 st Installment	2 nd Through 4 th Installments
 12,694.46	 12,694.46

PARID: 0100400000
NASHCO HOSPITALITY GROUP LLC

1 N MAIN ST

Parcel Information

Address	1 N MAIN ST
Class	COMMERCIAL
Zoning	C-3DOPD

Owner

Name	NASHCO HOSPITALITY GROUP LLC
In Care Of	
Address	1 N MAIN ST
Unit #	
City	OSHKOSH
State	WI
Zip Code	54901

Lot Size

Frontage	
Effective Depth	
Square Feet	44867
Acres	1.03
Shape	

Legal Description

Desc	LOT 3 CSM 1197 DOC #602518 R OF D
------	-----------------------------------

PARID: 0100400000
NASHCO HOSPITALITY GROUP LLC

1 N MAIN ST

Current Assessed Values

Assessment Year	2011
Land	\$269,200.00
Building	\$1,657,100.00
Total	\$1,926,300.00
Fair Market Value (set by State of WI in fall)	\$1,949,200.00

Prior Assessed Values

Assessment Year	2010
Land	\$269,200.00
Building	\$1,657,100.00
Total	\$1,926,300.00

Sales

Date	12-JUN-09
Price	\$2,006,250.00
Document #	1509339
Deed Type	WD
Grantor	BANKERS BANK
Grantee	NASHCO HOSPITALITY GROUP LLC
Sales Notes	

1 of 2

City Center Hotel Conceptual Estimate for Renovation

Date: January 6, 2012

	Quantity	Unit	\$/unit	Subtotal	Totals
Double Queen Resident Rooms					
Carpeting	34	sy	\$16.00	\$536.89	
Carpeting labor	34	sy	\$4.50	\$151.00	
Carpet base	88	lf	\$0.70	\$61.60	
Carpet base labor	88	lf	\$0.75	\$66.00	
Demo Tile	1	allow	\$500.00	\$500.00	
Bathroom Tile (floor)	48	sf	\$2.00	\$96.00	
Tile labor (floor)	48	sf	\$3.00	\$144.00	
Bedroom Walls	709	sf	\$2.00	\$1,417.50	
Bathroom Countertop		ea	\$1,500.00	\$0.00	
Bathroom Wall Coverings	208	sf	\$1.75	\$364.00	
Vinyl Wall Covering Labor	208	sf	\$1.00	\$208.00	
Tub Surround	-	ea	\$0.00	\$0.00	
Replace Mirror	1	allow	\$350.00	\$350.00	
Faucet	1	ea	\$250.00	\$250.00	
Toilet	1	ea	\$750.00	\$750.00	
Tub/shower	-	ea	\$0.00	\$0.00	
Lighting	1	ea	\$200.00	\$200.00	
Lighting Labor	4	hrs	\$60.00	\$240.00	
HVAC Cleaning	-		\$0.00	\$0.00	
Furniture Allowance	1	allow	\$ 10,912.00	\$10,912.00	
				<u>\$16,246.99</u>	
	Total number of rooms =			<u>104</u>	<u>\$1,689,686.55</u>
HC Double Queen / King					
Carpeting	29	sy	\$16.00	\$462.22	
Carpeting labor	29	sy	\$4.50	\$130.00	
Carpet base	86	lf	\$0.70	\$60.20	
Carpet base labor	86	lf	\$0.75	\$64.50	
Demo Tile	1	allow	\$500.00	\$500.00	
Bathroom Tile (floor)	90	sf	\$2.00	\$180.00	
Tile labor (floor)	90	sf	\$3.00	\$270.00	
Bedroom Walls	709	sf	\$2.00	\$1,417.50	
Bathroom Countertop		ea	\$1,500.00	\$0.00	
Bathroom Wall Coverings	333	sf	\$1.75	\$581.88	
Vinyl Wall Covering Labor	1,041	sf	\$1.00	\$1,041.25	
Tub Surround	1	ea	\$0.00	\$0.00	
Replace Mirror	1	allow	\$350.00	\$350.00	
Faucet	1	ea	\$250.00	\$250.00	
Toilet	1	ea	\$750.00	\$750.00	
Tub/shower		ea	\$0.00	\$0.00	
Lighting	1	ea	\$200.00	\$200.00	
Lighting Labor	4	hrs	\$60.00	\$240.00	
HVAC Cleaning			\$0.00	\$0.00	
Furniture Allowance	1	allow	\$ 10,912.00	\$10,912.00	
				<u>\$17,409.54</u>	
	Total number of rooms =			<u>46</u>	<u>\$800,839.04</u>
King Corner					
Carpeting	32	sy	\$16.00	\$519.11	
Carpeting labor	32	sy	\$4.50	\$146.00	

Carpet base	75 lf	\$0.70	\$52.50
Carpet base labor	75 lf	\$0.75	\$56.25
Demo Tile	1 allow	\$500.00	\$500.00
Bathroom Tile (floor)	52 sf	\$2.00	\$104.00
Tile labor (floor)	52 sf	\$3.00	\$156.00
Bedroom Walls	354 sf	\$2.00	\$708.00
Bathroom Countertop	ea	\$1,500.00	\$0.00
Bathroom Wall Coverings	328 sf	\$1.75	\$574.00
Vinyl Wall Covering Labor	682 sf	\$1.00	\$682.00
Add Whirlpool Tub	1 allow	\$2,000.00	\$2,000.00
Fireplace	1 allow	\$500.00	\$500.00
Tub Surround	1 ea	\$0.00	\$0.00
Replace Mirror	1 allow	\$350.00	\$350.00
Faucet	1 ea	\$250.00	\$250.00
Toilet	1 ea	\$750.00	\$750.00
Tub/shower	ea	\$0.00	\$0.00
Lighting	1 ea	\$200.00	\$200.00
Lighting Labor	4 hrs	\$60.00	\$240.00
HVAC Cleaning		\$0.00	\$0.00
Furniture Allowance	1 allow	\$ 10,582.06	\$10,582.06
			<u>\$18,369.92</u>
Total number of rooms =			<u>26</u>
			\$477,617.96

Deluxe Suite			
Carpeting	72 sy	\$16.00	\$1,159.11
Carpeting labor	72 sy	\$4.50	\$326.00
Carpet base	80 lf	\$0.70	\$56.00
Carpet base labor	80 lf	\$0.75	\$60.00
Demo Tile	1 allow	\$500.00	\$500.00
Bathroom Tile (floor)	48 sf	\$2.00	\$96.00
Tile labor (floor)	48 sf	\$3.00	\$144.00
Bedroom Walls	1418 sf	\$2.00	\$2,835.00
Bathroom Countertop	ea	\$1,500.00	\$0.00
Bathroom Wall Coverings	245 sf	\$1.75	\$428.75
Vinyl Wall Covering Labor	1,663 sf	\$1.00	\$1,662.50
Tub Surround	0 ea	\$0.00	\$0.00
Replace Mirror	1 allow	\$350.00	\$350.00
Faucet	1 ea	\$250.00	\$250.00
Toilet	1 ea	\$750.00	\$750.00
Tub/shower	0 ea	\$0.00	\$0.00
Lighting	1 ea	\$200.00	\$200.00
Lighting Labor	4 hrs	\$60.00	\$240.00
HVAC Cleaning		\$0.00	\$0.00
Furniture Allowance	1 allow	\$ 11,463.83	\$11,463.83
			<u>\$20,521.19</u>
Total number of rooms =			<u>3</u>
			\$61,563.57

Pool Room			
Pool Remodel	1 allow	\$125,000.00	\$125,000.00
Bathroom remodel	2 ea	\$15,000.00	\$30,000.00
Furniture	1 allow	\$5,000.00	\$5,000.00
Fitness room relocated	1 allow	\$20,000.00	\$20,000.00
			<u>\$180,000.00</u>
			\$180,000.00

Corridors			
Carpeting	1,020 sy	\$20.00	\$20,393.33
Carpeting labor	1,020 sy	\$4.50	\$4,588.50
Carpet base	4,589 lf	\$0.70	\$3,211.95
Carpet base labor	4,589 lf	\$0.75	\$3,441.38
Wall Coverings	40,149 sy	\$1.75	\$70,261.41
Vinyl Wall Covering Labor	40,149 sy	\$1.00	\$40,149.38
Doors	30 ea	\$125.00	\$3,750.00

Lighting	20 ea	\$200.00	\$4,000.00
Lighting Labor	40 hrs	\$65.00	\$2,600.00
			<u>\$152,395.94</u>
	Total number of floors =		<u>7</u>
			\$1,066,771.58
Restaurant			
Carpeting	628 sy	\$20.00	\$20,393.33
Carpeting labor	628 sy	\$4.50	\$4,588.50
Carpet base	369 lf	\$0.70	\$3,211.95
Carpet base labor	369 lf	\$0.75	\$3,441.38
Wall Coverings	3,967 sy	\$1.75	\$70,261.41
Vinyl Wall Covering Labor	3,967 sy	\$1.00	\$40,149.38
TV/ Sound/Security/Phone	1 allow	\$30,000.00	\$30,000.00
POS Systems	1 allow	\$27,000.00	\$27,000.00
Furniture	1 allow	\$55,000.00	\$55,000.00
Tiffany light fixtures	1 allow	\$7,000.00	\$7,000.00
Signage	1 allow	\$10,000.00	\$10,000.00
Bar/Dining Room	1 allow	\$24,500.00	\$24,500.00
Patio Upgrades	1 allow	\$10,000.00	\$10,000.00
Window Blinds	1 allow	\$4,500.00	\$4,500.00
Décor Items	1 allow	\$25,000.00	\$25,000.00
Smallwares	1 allow	\$10,000.00	\$10,000.00
			<u>\$345,045.94</u>
	Total number of floors =		<u>1</u>
			\$345,045.94
Ballroom			
Carpeting	388 sy	\$20.00	\$7,768.89
Carpeting labor	388 sy	\$4.50	\$1,748.00
Carpet base	244 lf	\$0.70	\$170.80
Carpet base labor	244 lf	\$0.75	\$183.00
Wall Coverings	2,623 sy	\$1.75	\$4,590.25
Vinyl Wall Covering Labor	2,623 sy	\$1.00	\$2,623.00
Furniture	1 allow	\$31,000.00	\$31,000.00
Smallwares (dishes, portable bar)	1 allow	\$10,000.00	\$10,000.00
Replace lighting	1 allow	\$20,000.00	\$20,000.00
Signage	1 allow	\$2,500.00	\$2,500.00
Décor Items	1 allow	\$7,500.00	\$7,500.00
			<u>\$88,083.94</u>
	Total number of floors =		<u>1</u>
			\$88,083.94
Board/meeting Rooms			
Carpeting	165 sy	\$20.00	\$3,293.33
Carpeting labor	165 sy	\$4.50	\$741.00
Carpet base	213 lf	\$0.70	\$148.75
Carpet base labor	213 lf	\$0.75	\$159.38
Wall Coverings	2,284 sy	\$1.75	\$3,997.66
Vinyl Wall Covering Labor	2,284 sy	\$1.00	\$2,284.38
Furniture	1 allow	\$11,000.00	\$11,000.00
Light fixtures	1 allow	\$2,500.00	\$2,500.00
Signage	1 allow	\$1,000.00	\$1,000.00
			<u>\$25,124.49</u>
	Total number of rooms =		<u>5</u>
			\$125,622.45
Kitchen			
Equipment Replacement	1 allow	\$50,000.00	\$50,000.00
Refurbish equipment/clean	1 allow	\$10,000.00	\$10,000.00
Painting walls	sf		\$0.00
Fire Suppression System	1 allow	\$25,000.00	\$25,000.00
Ceiling replacement	sf	\$2.75	\$0.00
			<u>\$85,000.00</u>
			\$85,000.00

Backhallways			
Painting/refurbish walls	1 allow	\$10,000.00	\$10,000.00
Ceiling replacement	sf	\$2.75	\$0.00
			<hr/>
			\$10,000.00
Common area bathrooms			
ADA remodel allowance	2 allow	\$20,000.00	\$40,000.00
			<hr/>
			\$40,000.00
Office Remodels			
First Floor	1 allow	\$7,500.00	\$7,500.00
Second Floor	1 allow	\$7,500.00	\$7,500.00
			<hr/>
			\$15,000.00
Lobby Remodel			
Furniture	1 allow	\$15,000.00	\$15,000.00
Repair atrium glazing	1 allow	\$5,000.00	\$5,000.00
Lighting replacement	1 allow	\$7,500.00	\$7,500.00
Carpet replacement	125 sy	\$30.00	\$3,750.00
Carpet -labor	125 sy	\$4.50	\$562.50
Wall Coverings	4500 sf	\$1.75	\$7,875.00
Wall Coverings labor	4500 sf	\$1.00	\$4,500.00
Front desk facelift	1 allow	\$7,500.00	\$7,500.00
			<hr/>
			\$51,687.50
Structural and Mechanical Repairs			
Mold Remediation	1 allow	\$150,000.00	\$150,000.00
Keying system replacement	0 allow	\$0.00	\$0.00
New Signage	1 allow	\$20,000.00	\$20,000.00
Finishes in stairwells	2 stairwell	\$50,000.00	\$100,000.00
Repair brick at exterior	1 allow	\$100,000.00	\$100,000.00
Exteriro Concrete Replacement	1 allow	\$200,000.00	\$200,000.00
Window replacement	200 each	\$1,500.00	\$300,000.00
Paint exterior ladder	1 allow	\$2,500.00	\$2,500.00
Plumbing	1 allow	\$110,000.00	\$110,000.00
Roof Replacement	1 allow	\$250,000.00	\$250,000.00
Fire Protection	1 allow	\$35,000.00	\$35,000.00
Drywall replacement	7,138 sf	\$17.50	\$124,909.17
HVAC			
hot water plant	1 allow	\$140,000.00	\$140,000.00
New chiller	1 allow	\$250,000.00	\$250,000.00
New four pipe system	1 allow	\$1,050,000.00	\$1,050,000.00
New VAV system	1 allow	\$990,000.00	\$990,000.00
Electrical			
main switch gear	1 allow	\$1,500	\$1,500.00
replace panelboards	1 allow	\$85,000	\$85,000.00
Test generator	1 allow	\$3,500	\$3,500.00
new location for transfer switches	1 allow	\$6,500	\$6,500.00
Provide additional transfer switches	1 allow	\$18,500	\$18,500.00
fire pump modifications	1 allow	\$8,500	\$8,500.00
Lighting controls	1 allow	\$7,500	\$7,500.00
Pool electrical equipment replacement	1 allow	\$5,500	\$5,500.00
Accessibility revisions	1 allow	\$7,500	\$7,500.00
New fire alarm	1 allow	\$125,000	\$125,000.00
Install surge suppression at main electrical gear	1 allow	\$6,000	\$6,000.00
Electrical Engineering fees	1 allow	\$25,000	\$25,000.00
Generator Replacement	1 allow	\$65,000.00	\$65,000.00
Property Mgt. System	1 allow	\$50,000.00	\$50,000.00
Elevator repair	1 allow	\$30,000.00	\$30,000.00
Repair Laundry Equipment	1 allow	\$5,000.00	\$5,000.00
			<hr/>

\$4,272,409.17

\$4,272,409.17

Total Construction Costs =

\$9,309,327.69

Contingency: 5.00%

\$465,466.38

General Conditions: 7.00%

\$651,652.94

Design and CM Fees: 9.00%

\$837,839.49

\$1,954,958.82

Total Conceptual Construction Budget =	\$11,264,286.51
\$/SF=	\$85.90

MEMO FROM CITY OF OSHKOSH REGARDING PARKING STRUCTURE

May 19, 1983 The City and Park Plaza of Oshkosh, Inc. entered into an air rights agreement for the construction, operation and maintenance of a parking ramp above a portion of Park Plaza's existing property. (This agreement is later terminated by a resolution and the adoption of a ground lease in August 1985.) In December 1984, the City and Oshkosh Centre Hotel Venture (OCHV) enter into a number of agreements for the construction and operation of the hotel and convention center. Amongst the agreements is an agreement between the City and OCHV where OCHV will construct the two-story parking structure adjacent to the hotel on the property owned by Park Plaza and to which the City had obtained the air rights. The agreement provides that the City lease to OCHV the air rights for a term of 20 years. OCHV will then construct the parking structure and sublease the parking structure but not the air rights back to the City. The City is to operate the parking structure, pay all expenses associated with the possession, operation and security of the parking structure. At the expiration of the lease of the air rights, the parking structure is to become the property of the City. The term of the parking agreement is 75 years. The memorandum of Ground Lease and Parking Agreement which accompanies the December 27, 1984 agreements states in part that the Ground Lease for the hotel property is for a term commencing December 27, 1984 and continuing for seventy-six years and that the Parking Agreement is for a term of twenty years commencing on the date of the opening of the hotel.

On May 2, 1985 the City council is asked to pass a resolution eliminating the air rights agreement and enter into a ground lease for the construction of the parking facility. That resolution is passed and on August 26, 1985 The City and Park Plaza of Oshkosh, Inc. terminate the Air Rights Agreement and enter into a new Ground Lease for the Parking Structure. The new Ground Lease for the Parking Structure is for a term of seventy-six (76) years beginning on the earlier of the date of commencement of construction or the date of closing for the industrial revenue bonds issued on behalf of OCHV. OCHV is to construct and own the parking structure. At the termination of the lease all improvements will become the property of the Park Plaza, without compensation to the City. The City is given the right to assign its interest to OCHV pursuant to the Parking Agreement entered into with OCHV on December 27, 1984. The City is to operate and maintain the parking structure and install parking meters.

On August 28, 1985 the City enters into an amendment to the Parking Agreement entered into between the City and OCHV on December 27, 1984. The Amendment terminates the interests of OCHV in the Air Rights and the City in turn subleases the property to OCHV upon the terms and conditions originally set forth in the Parking Agreement subject to the ground lease with Park Plaza. No specific term of the agreement is stated.

In November 1987 the City and OCHV enter into a supplemental Parking Agreement which removes the meters from the parking structure and puts into place a token or coin operated gate system. Thereafter, at some point the hotel begins to make guest parking payments based on a formula.

In 1998 OCHV assigns its interests in the Parking Agreement to Heyde Hospitality.

On July 6, 2005 the Hon. Thomas S. Utschig, United States Bankruptcy Judge, signs an order rejecting the parking agreement among other agreements of Dennis and Carol Heyde and Heyde Hospitality Inc.

QUALIFICATIONS

S. STEVEN VITALE, MAI

- Overview:** Commercial real estate consultant experienced in a wide variety of complex appraisal and consulting assignments. Background includes exposure to multiple property types and markets. Specialized in valuation of investment property including hotels, motels, golf courses, mixed-use land developments, office, retail, industrial, senior housing, and multi-family properties. Experienced in condemnation appraisals and have testified as an expert in litigation and property tax appeal cases. Working knowledge of multiple computer applications for real estate valuation analysis. Clients served include financial institutions, banks, insurance companies, corporations, government agencies, developers, attorneys and individuals.
- Experience:**
- 1998 - Present Vitale Realty Advisors, LLC - President
Brookfield, Wisconsin
- 1994 - 1998 Moegenburg Research, Inc. - Appraiser
Elm Grove, Wisconsin
- 1993 - 1994 Gloodt Associates, Inc. - Associate
Chicago, Illinois and Elm Grove, Wisconsin
- 1991-1992 Arthur Andersen & Co. - Staff Appraiser
Chicago, Illinois
- Education:**
- University of Wisconsin - Madison: Masters of Science degree in Real Estate Appraisal and Investment Analysis. Graduated with distinction in May 1991.
- University of Wisconsin - Milwaukee: Bachelor of Business Administration with majors in finance and real estate. Graduated in August 1988.
- Designations:** MAI - Appraisal Institute, Member (1995)
- Certifications:** Wisconsin Certified General Appraiser - License No. 506
- Organizations:**
- Appraisal Institute
 - 2004 President - Wisconsin Chapter
 - 2003 Vice President - Wisconsin Chapter
 - 2002 Treasurer - Wisconsin Chapter
 - 2001 Secretary - Wisconsin Chapter
 - 2000 Leadership & Development Advisory Council
 - Commercial Association of Realtors Wisconsin - Affiliate Member
 - University of Wisconsin Real Estate Alumni Association
 - National Golf Foundation - Professional Business Member
 - Wisconsin Innkeepers Association - Associate Member
 - American Society of Farm Managers and Rural Appraisers
 - WI Dept. of Regulation & Licensing Real Estate Application Advisory Committee Member 2004 - 2008

12660 W. North Avenue
Brookfield, WI 53005

E-mail Address
steve@vitaleappraisal.com

TEL: 262 - 782 - 7990
FAX: 262 - 782 - 7590

RYAN SIKORSKI

OVERVIEW: Commercial real estate appraiser. Background includes exposure to multiple property types and markets. Experienced in valuation of investment property including hotels, golf courses, mixed-use land developments, office, retail, skilled nursing homes and senior assisted living facilities. Clients served include financial institutions, banks, corporations, government agencies, developers, attorneys and individuals.

EXPERIENCE:

2007 – Present:

Vitale Realty Advisors, LLC – Appraiser
Brookfield, Wisconsin

2006:

Robert W. Baird & Co. Inc. – Research Analyst
Milwaukee, Wisconsin

2004 – 2006:

Duff & Phelps, LLC – Senior Analyst/Analyst
Chicago, Illinois

2003 – 2004:

Advantage America Title and Closing Services – Representative
Madison, Wisconsin

EDUCATION:

University of Wisconsin – Madison
BBA, Finance & Real Estate, 2004

DESIGNATION:

CFA Charterholder

CERTIFICATION:

Wisconsin Certified General Appraiser - License No. 1766

ORGANIZATIONS:

The Wisconsin Chapter of the Appraisal Institute
CFA Society of Milwaukee

12660 W. North Avenue
Brookfield, WI 53005

E-mail Address
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