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LAW OFFICES  
**CALEWARTS, DUFFY & GAGAN**  
ASSOCIATED ATTORNEYS  
716 PINE STREET, P.O. BOX 488  
GREEN BAY, WISCONSIN 54305-0488

TELEPHONE (920) 432-4391  
FACSIMILE (920) 432-4158

KENNETH G. CALEWARTS  
DENNIS M. DUFFY  
ROBERT R. GAGAN

RAYMOND E. EVRARD  
(1894-1974)  
JOHN P. DUFFY  
(1921-1990)  
JOSEPH P. HOLMAN  
(1915-2003)  
WAYNE R. PETERSON  
(RETIRED)

## Memorandum

**To:** Village President  
Village Board Trustees  
Village Administrator  
Director of Administrative Services  
Director of Community Development

**cc:** Leigh Ann Wagner Kroening

**From:** Attorney Dennis M. Duffy

**Date:** February 10, 2012

**Subject:** Room Tax History

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I believe in the early 1990's the Metro Executives for a Convention Center and Arena was formed (MECCA). MECCA representatives included the County Executive, the Mayors of Green Bay and DePere, the Presidents of the Village of Ashwaubenon, Howard and Allouez. The Oneida Tribe also participated but dropped out. In December of 1996, MECCA announced proposed financing plans for expansion of the Conference Center in downtown Green Bay and the new Arena in Ashwaubenon. These subsequently became the KI Convention Center in Green Bay and the Resch Center in the Village of Ashwaubenon.

In August of 1997 the following Brown County Municipalities entered into a Room Tax Commission and Tourism Zone Agreement, Cities of Green Bay and DePere, Villages of Ashwaubenon, Howard and Allouez. This Agreement reconstituted the Room Tax Commission which included contractual representation by Brown County and the Oneida Tribe of Indians of Wisconsin. It established the Green Bay Area Tourism Zone.

In January of 1999 a Tourism Entity Agreement was entered into between the Green Bay Area Room Tax Commission and the Green Bay Area Visitor and Convention Bureau, Inc. The Commission contracted with the Bureau to promote and develop tourism in the Tourism Zone. The Commission funded the Bureau with room tax revenues.

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On July 1, 1999 a Cooperation Agreement and a Pledge and Security Agreement were signed by the Cities of Green Bay and DePere, the Villages of Allouez, Ashwaubenon and Howard, Brown County, Green Bay Area Room Tax Commission, Redevelopment Authority of the City of Green Bay and the Community Development Authority of the Village of Ashwaubenon. All of the participating municipalities committed an increased room tax of 8% to finance the Bonds for the Resch Center and the KI Convention Center. The Lease Revenue Bonds for the project were issued through the CDA of the Village of Ashwaubenon and the RDA of the City of Green Bay. Brown County agreed to back the Bonds in the event of a room tax deficiency to make payments of debt service on the Bonds.

In a complicated financing arrangement called for by the Cooperation Agreement, the County deeded the land for the Resch Center to the Ashwaubenon CDA, the Ashwaubenon CDA then leased back the Resch Center to the County. The County in turn entered into a Lease for the Resch Center with the Green Bay Area Visitor & Convention Bureau. The Bureau assigned its Lease interest for the management of the Resch Center to PMI. Per the Lease and Assignment the VCB was to receive approximately \$1 Million a year out of the Resch Center revenues to replace the room tax funding of its tourism promotion business.

PMI was the only operator willing to enter into a Lease with Brown County to operate the Resch Center without requiring the County to pay the operator to manage the Resch Center. PMI lost a significant portion of its business when the Green Bay Packers went with a different vendor. The entertainment industry has experienced the same downturn as the entire economy. PMI is having difficulty meeting its funding obligation to the VCB through the Resch Center.

The Greater Green Bay Area Convention & Visitors Bureau is looking for stable funding of its tourism promotion business. The proposed 2% increase in municipal room taxes would fund the Bureau's operations. The increased room tax is revocable in the sense that it is still pledged for payment of the Bonds. If there were insufficient funds from room tax collections for payment of the Bonds, Brown County has the authority to redirect the collection of the increase to cover any deficiency in the Bond payments.

The City of Green Bay has passed an Ordinance that directs one-half of the increase in the room tax to an expansion of Green Bay's KI Convention Center project and one-half to fund the CVB. The Village of Ashwaubenon has adopted its own Ordinance directing that the full 2% increase be collected and directed for funding the Greater Green Bay Convention & Visitors Bureau. If the municipalities within the tourism zone cannot unanimously agree as to how the increased room tax will be spent, the Room Tax Commission has the authority by statute to make that decision.

## ADDENDUM TO 1999 COOPERATION AGREEMENT

WHEREAS, the City of De Pere, a Wisconsin municipal corporation, the City of Green Bay, a Wisconsin municipal corporation, the Village of Allouez, a Wisconsin municipal corporation, the Village of Ashwaubenon, a Wisconsin municipal corporation, the Village of Bellevue, a Wisconsin municipal corporation and the Village of Howard, a Wisconsin municipal corporation, (collectively the "Municipalities"), are, among others, parties to a Cooperation Agreement dated as of May 18, 1999 ("Cooperation Agreement"), relating to the construction and long term financing, through the pledge of room tax revenues, of a convention center and other tourism facility improvements, as described in the Cooperation Agreement; and

WHEREAS, the Municipalities are also parties to a Room Tax Commission and Tourism Zone Agreement dated August 29, 1997, in which the Municipalities agree they are a "Zone" for purposes of the Room Tax Act (Wis. Stats. §66.0615 *et seq.*) in that they are perceived as a single destination by the traveling public; and

WHEREAS, the Municipalities wish to enter into this Addendum to the Cooperation Agreement to increase room tax collections within the Tourism Zone and to direct such revenue to the Greater Green Bay Convention & Visitors Bureau, Inc., a non-profit corporation ("CVB") which is the tourism entity for the Zone under the Tourism Entity Agreement dated January 1, 1999 between the CVB and the Room Tax Commission as required under Wis. Stats. §66.0615(1m)(b)2.

NOW THEREFORE, upon the mutual promise and other obligations contained herein, the Municipalities agree as follows:

1. The Municipalities agree to enact such resolutions, ordinances and all other municipal acts as are necessary to affect the levy, enforcement and collection of a 2% increase in room tax from an 8% room tax rate to a room tax rate of 10%, ("the 2% increase").
2. Subject to the requirements of §3.09 of the Cooperation Agreement, all revenues collected by the 2% increase in room tax shall be directed to the CVB as the tourism entity for the tourism zone to which all Municipalities belong, pursuant to the Room Tax Commission and Zone Agreement and the Tourism Entity Agreement.
3. Should Brown County notify the Municipalities under §3.09 of the Cooperation Agreement of a room tax deficiency as defined in the Cooperation Agreement, the Municipalities agree to redirect from the CVB to the Room Tax Stabilization Fund such percentage of the 2% increase as is sufficient to rectify the room tax deficiency and satisfy the requirements of the Room Tax Stabilization Fund. Nothing herein shall prevent the Municipalities from taking additional actions, if they deem necessary, to increase the room tax rate by an additional amount to ensure room tax revenue to the CVB equal to the 2% increase.

4. Any redirection of the 2% increase to the Room Tax Stabilization Fund under paragraph 3 above shall be in effect only for the period of time necessary to satisfy the requirements of the Room Tax Stabilization Fund. When such requirements are satisfied, the Municipalities agree to redirect the percentage back to the CVB.

5. All room tax revenues pledged by the Municipalities under the Cooperation Agreement shall continue to be directed as required under the Cooperation Agreement. Nothing in this Addendum shall be construed to limit, change, amend or otherwise alter the obligations and requirements imposed upon each municipality by the Cooperation Agreement and the security instruments required thereunder.

6. This Addendum may be signed in any number of counterparts with the same effect as if the signatures hereto were upon the same instrument.

IN WITNESS WHEREOF, the Municipalities hereto have entered this Addendum on the \_\_\_\_ day of \_\_\_\_\_, 2012.

**CITY OF DE PERE**

By:

\_\_\_\_\_  
Michael J. Walsh, Mayor

\_\_\_\_\_  
Charlene M. Peterson, Clerk-Treasurer

Address for Notices:

City of De Pere  
Attn: Clerk-Treasurer  
335 S. Broadway Street  
De Pere, WI 54115

**CITY OF GREEN BAY**

By:

\_\_\_\_\_  
James J. Schmitt, Mayor

\_\_\_\_\_  
Lauri Marenger, Clerk

Address for Notices:

City of Green Bay  
Attn: Clerk  
100 N. Jefferson Street  
Green Bay, WI 54301

**VILLAGE OF ALLOUEZ**

By:

\_\_\_\_\_  
Steve Vanden Avond, President

\_\_\_\_\_  
Debbie Baenen, Clerk-Treasurer

Address for Notices:

Village of Allouez  
Attn: Clerk  
1900 Libal Street  
Green Bay, WI 54301

**VILLAGE OF BELLEVUE**

By:

\_\_\_\_\_  
Craig Beyl, President

\_\_\_\_\_  
Karen Simons, Clerk-Treasurer

Address for Notices:

Village of Bellevue  
Attn: Clerk-Treasurer  
2828 Allouez Avenue  
Green Bay, WI 54311

**VILLAGE OF ASHWAUBENON**

By:

\_\_\_\_\_  
Michael W. Aubinger, President

\_\_\_\_\_  
Dawn Collins, Clerk

Address for Notices:

Village of Ashwaubenon  
Attn: Clerk-Treasurer  
2155 Holmgren Way  
Green Bay, WI 54304

**VILLAGE OF HOWARD**

By:

\_\_\_\_\_  
Burt R. McIntyre, President

\_\_\_\_\_  
Christopher Haltom, Clerk

Address for Notices:

Village of Howard  
Attn: Clerk  
2456 Glendale Avenue  
Green Bay, WI 54313

**VILLAGE OF SUAMICO**

By:

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Patricia Gaura-Jelen, President

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Bonnie Swan, Clerk

Address for Notices:

Village of Suamico  
Attn: Clerk  
2999 Lakeview Drive  
Suamico, WI 54173