

June 15, 2021

To: City of Kewaunee June 28, 2021 COW Meeting participants,

In follow up to my May 12, 2021 letter sent addressed to Mayor Jason Jelinek and City Administrator, Fred Schnook, I am forwarding the following packet of development information in an effort to provide each participating member of the Kewaunee Committee of the Whole with a complete overview of the Gathering at Pierpoint development to date. If you are seeing this project for the first time you will see that this is a major undertaking for the developer as well as the City and I wanted to give you sufficient time for review and to gain a better understanding of our project progress, goals, and, ultimately, what it might mean for Kewaunee. I will be going before you at the upcoming June 28, 2021 COW meeting and hopefully the information and materials provided will answer some of your questions in advance.

*Attached please find the following: (*Note that some of the data, conceptual plans & drawings continue to be modified and may not represent exactly what will be in the final presentation for approvals).*

- 1) Project Summary
- 2) Project Update Materials:
 - Conceptual Presentation
 - Site & Floor Plans
 - Project Analysis & Pro forma

As stated in my previous letter, despite the major set back that the Covid Pandemic caused worldwide in 2020, we have continued to make significant progress on the Pierpoint Development, including a preliminary commitment to finance the project from the One Community Bank Group, but, non-the-less, completing the financing and funding of any project for that full year was just not attainable. We are now realizing an opening up of the economy and have garnered tremendous interest in groups looking to invest, however their final commitment will not come until such time other factors like economic stability, the building industry and construction cost are stabilized. What this means for the project is that we need more time to ensure that this project is in a position of utmost viability for a successful outcome for the City of Kewaunee and the development/investment members. As a business owner of the Hollyhock House & Gardens, and member of the Community for over 15 years, I am personally committed to this project and to Kewaunee and am willing to use my time and resources to make sure it gets done right and to the satisfaction of the original vision voted upon in the Waterfront Plan approved May 14, 2018.

In consideration of the above, I go before you to request a year extension to our current Exclusivity Agreement on the 97 Ellis St. parcel, as well as a letter of confirmation on the t.i.d. dollar amount allocated to the Project and eventual executed Development Agreement (the development just won't get done without these things). As I stated, this is an ambitious undertaking and going forward there will continue to be revisions, adjustments & compromises between all parties to make this an acceptable as well as a financially viable project. At this juncture, I look to see if the Committee of the Whole remains in support of this unique boutique hotel development, and if so, would ask that you show your continued support by allowing a full year extension on the existing agreement to allow the time to see this exciting development and potential catalyst to economic revitalization for the City of Kewaunee to fruition.

Please feel free to reach out to me direct if you should have any questions or would like to discuss further.

Kathy Howlett-Despot

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**THE GATHERING AT PIERPOINT
PROJECT SUMMARY**

SITE: Location: 97 Ellis St., Kewaunee, WI
3.2 Acre
Land currently Owned by City of Kewaunee
Parcel within TID #3 Identified as Klockner Redevelopment/Ellis Point Site

CONCEPT: Harbor Village Mixed Use Concept

Phase I: Boutique Hotel, Restaurant, Spa & Special Event Center

Phase II: Vacation Condos & Spa and Wellness Center.

MANAGEMENT ENTITY: Leisure Hotels & Resorts, Jamie Tatge, President

THE GATHERING AT PIERPOINT: Concept Statement & Goals

The Gathering at Pierpoint concept consists of a two-phased, mixed use development, including hotel, restaurant, special events center and spa, designed to complement the goals of the Kewaunee Waterfront Development Project and to establish a “signature” destination showcasing Kewaunee’s rich history, vibrant views, natural surroundings and recreational opportunities, and charming harbor village character. As well as, to act as a major catalyst to spur new development, redevelopment, restoration and revitalization of Kewaunee’s waterfront, harbor and downtown districts, increase visitor tourism and to improve the areas economic environment and to provide job training and career opportunities in the professional hotel & hospitality, food and beverage, and the burgeoning field of the spa and wellness industries.

PHASE I: *Pierpoint Lodge* (Boutique Hotel, Spa, Restaurant & Event Center)

Development Cost: 22.4 Million

Approx. Bldg. Sq. Ft.: 57,500

3 Story/72 room Hotel

Banquet/Conference Center (Approx. 150 Seating)

Restaurant

Spa

PHASE II: *Gathering Waters Spa & Wellness Center*

PROPOSED FUTURE PHASE: 77 Ellis St.

The Wild Duck: Indoor/Outdoor Café, Market, & Brewery

The Kewaunee Experience Adventure Center: Activity & Guide Services, Recreational Rentals, Sporting Goods & Outdoor Artisan Market

ECONOMIC IMPACT: Excerpt from *Gray Hospitality Hotel Market Analysis (dated February, 2020)*

Economic Impact Tax Collections

For the purposes of this engagement, we will estimate the positive economic impact to the community and state from retail sales taxes in Year 5 (2026) of the hotel operation. Year 5 projections indicate that the facility offering 69 rooms and suites will be able to draw approximately 17,630 total room nights into the community. We further estimate that the overall market will absorb the additional market supply collectively reach an occupancy level in excess of 70 percent. Adjusting for inflation at 2.5 percent annually, the average rate of the market hotel inventory to Year 5 would be \$135.00. It is estimated that the Subject Hotel in Year 5 will achieve an average rate of \$156.00, a premium of \$20.00 compared to the competitive market.

The tax collected on room rental is 10 percent for state tax and 8 percent local room tax on average in most Wisconsin Counties. The new property is estimated to generate \$5.9 million in revenue or 17,000 room nights at an average rate of \$156.00. This is estimated to generate more than \$1,0760,000 annually in taxes on total sales in both local room tax and state sales tax.

Job creation is also an important economic factor. The planned hotel is estimated to create 60 new full time equivalent (FTE) positions with the revenue outlets of hotel room sales, food & beverage facilities, spa and wellness and overall management. It is also estimated to employ 100-115 individuals in the various hotel outlets when considering full-time and part-time employment.

The State of Wisconsin's tourism report completed annually measures the economic impact of travel and the individual county impact of travel throughout the state. The study also categorizes traveler spending on regional support services like lodging, retail, and food & beverage and other services. The subject Hotel is expected to achieve an average rate at or near \$150 in years 4 or 5. The traveler economic impact at that rate could be \$465 to \$625 per room night totaling \$775,000 to \$1,050,000 regionally. It is also expected that in year 5 with 16,600 new room nights in the subject facility, at an estimated 1.7 people per room, travelers to the area would exceed 28,200 new visitors.

Property Tax

Detailed review of the tax structure in the subject market was not executed with the scope of this report.

DEVELOPMENT GOALS:

- Recognize and Incorporate Goals of City of Kewaunee 2018 Waterfront Plan;
- Present a unique boutique hotel experience to showcase Kewaunee's rich history, vibrant views, natural surroundings, creative artisan community, walkability and charming harbor village character;
- Generate more visitors to Kewaunee and stimulate year-round tourism;
- Act as Catalyst to spur new development, redevelopment, restoration and renovation to revitalize the Kewaunee's waterfront, harbor and downtown districts;
- Spur economic growth within the Community and surrounding area;
- Develop employment and career opportunities to sustain the upcoming younger workforce;
- Incorporate and support the local business, agricultural, artisan and civic Community.

PROJECTED TIMETABLE UPDATE: Construction beginning late 2021/early 2022, 11-14 month construction, grand opening early spring/early summer 2023.

THE GATHERING

A T P I E R P O I N T
HOTEL ~ SPA ~ EVENT CENTER

Kewaunee, Wi



A gathering place for inspired wellness and life enrichment

THE GATHERING AT PIER POINT CONCEPT

A gathering place for a life enriching experience...

The Gathering at PierPoint is a state-of-the-art boutique hotel showcasing a signature destination on the shores of Lake Michigan in Kewaunee, Wisconsin offering an exciting innovation in wellness travel with numerous opportunities for recreation, relaxation and life enrichment activities!

The Gathering at PierPoint's unique "harbor village" mixed-use concept is designed to showcase the valuable waterfront amenities that already exist within Kewaunee – it's rich history, vibrant views, vital natural resources, recreational opportunities, walkability, creative artisan community and charming harbor village character. In addition to the warm and inviting lodge atmosphere, our boutique hotel concept will host a menu of fun and inspiring activities and facilities to add to the experience and invite people to gather and continue the conversation. Our design goal is to create a welcoming environment which upon entering embraces you in a sense of wellbeing and invites your participation in both indoor and outdoor life enriching activities.

The Gathering at PierPoint's planned campus will be developed in phases and in its entirety would consist of the following:

- Boutique Hotel
- Special Events/Conference Center
- Restaurant
- Gathering Waters Spa and Retreat Center
- Vacation Condos
- The Kewaunee Adventure Center
- Kewaunee Artisan Center
- Indoor/Outdoor Courtyard Café & Fresh Market
- Micro Brewery

The city of Kewaunee is in the state of Wisconsin, and is a charming historic harbor village community with a population of 2,952 and is located on the shores of Lake Michigan in close proximity to the City of Green Bay (to the east by about 30 miles) and just south of the state's tourism mecca known as Door County. The City and proposed site of the development is located at the mouth of the Kewaunee River on Lake Michigan.

This unique multi-phased development was designed to complement the goals of the Kewaunee Waterfront Development Project and to establish a signature destination to act as a major catalyst to spur new development, redevelopment, restoration and revitalization of Kewaunee's waterfront, harbor and downtown districts. The first phase hotel and events center is located on a 3.2 acre site, just off of main Hwy. 42 which runs along the Lake from Manitowoc to Door County, bordered by Kewaunee Harbor & Marina, Boardwalk to the Historic Pierhead Lighthouse, Downtown Historic District, Kewaunee River and Lake Michigan Shorelines.



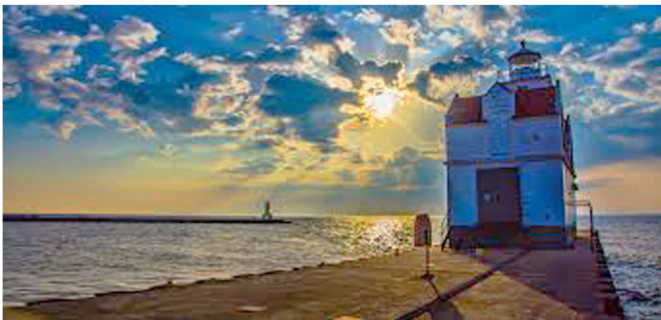
THE GATHERING AT PIERPOINT

A BURGEONING MARKET...

This developer believes, and travel experts predict, that the post Covid 19 pandemic will act as an unexpected catalyst driving the already strong trend in travel for tourist seeking more meaningful experiences in their travel destinations, particularly in exploring personal wellness and life enrichment opportunities. This crisis has pushed the tipping point of the market by increasing awareness of the importance of nurturing your well being and has brought to the forefront of conversations the concepts of holistic wellness, retreat, re-connection, and quality of life activities during their time away. Making the potential success of the Gathering at Pierpoint “wellness destination” concept even more viable.

Target Market Trends:

- Wellness Tourism/Travel
- Special Interest/Small Group Conventions
- Corporate Retreats
- Wellness Retreats
- Women’s Groups
- Hobbyists
- Outdoor Sports & Recreation Enthusiasts
- Fishing & Water Recreation
- Weddings
- Single/Lone Travelers
- Door County Tourism
- Green Bay/Lambeau Field Tourism



Relax, Renew, & Re-discover Your “Well” Being!

THE GATHERING AT PIERPOINT PHASE I

PIERPOINT LODGE
97 Ellis St., Kewaunee WI

Relax, Renew, & Re-discover Your "Well" Being!

Boutique Hotel

70 rooms

3 Story / 56,610 Sq. Ft.

Event & Conference Center (150 seating)

Restaurant (unique farm-to-table, fresh market culinary experience)

Mini Spa & Wellness Center

Featuring:

- 70 suites of euro spa design
- Central Gathering Space with Fireplace
- The Kewaunee Experience Photo Gallery Wall
- Indoor/Outdoor Courtyard Café'
- Outdoor Living Area & Fireplace
- Outdoor Event Lawn
- Wedding Ceremony & Yoga Pavilion
- Catering Kitchen & Demonstration Area
- Outdoor overlook Terrace & Herb Garden
- Tea Room/Wine Bar
- Small Bites Café
- Small Meeting/Event Room
- Mini Spa
- Fitness Room
- Wellness & Yoga Space
- Outdoor Fitness Challenge
- Meditation Paths
- Kewaunee Adventure Concierge
(Recreational Guide Services and
Activity Information Center)



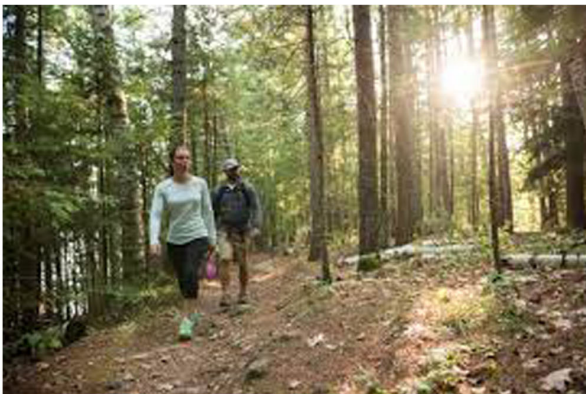
THE GATHERING A T P I E R P O I N T P H A S E I I

Gathering Waters Wellness Spa & Retreat Center Relax...Rejuvenate...Revitalize

The Gathering Waters Wellness Spa and Retreat Center will be a separate building attached to main lodge via crossway from the second floor. This will allow the project to expand the concept to not only accommodate the primary markets of vacation travel, outdoor sports and recreation, small group retreats, corporate conferences and wedding events but will also include conjoined state-of-the-art facilities to better define the program concept as a significant innovation in the experiential wellness tourism/travel destination.

The Gathering Waters Spa and Wellness Center will provide an exciting signature to the overall concept of The Gathering at Pierpont and help define our uniqueness within the hotel and wellness tourism/travel market

The spa and wellness center will promote to outside markets (i.e., Door County, Green Bay Lambeau, Sheboygan/Kohler, Appleton) through a "day pass" program offering a unique full day of wellness activities including use of the Gathering Waters facilities and amenities, participation in scheduled wellness activities (i.e., meditation, yoga, guided outdoor activities, cooking demonstrations, etc.), and at additional cost spa & salon service



FUTURE PHASE

77 Ellis St. (Historic City Garage and Well House Bldg.)

"THE KEWAUNEE EXPERIENCE ADVENTURE CENTER"

Proposed Mixed Use: Retail, Recreation, Business Center

Recreational Rentals

Recreational Guide Services and Activity Information Center

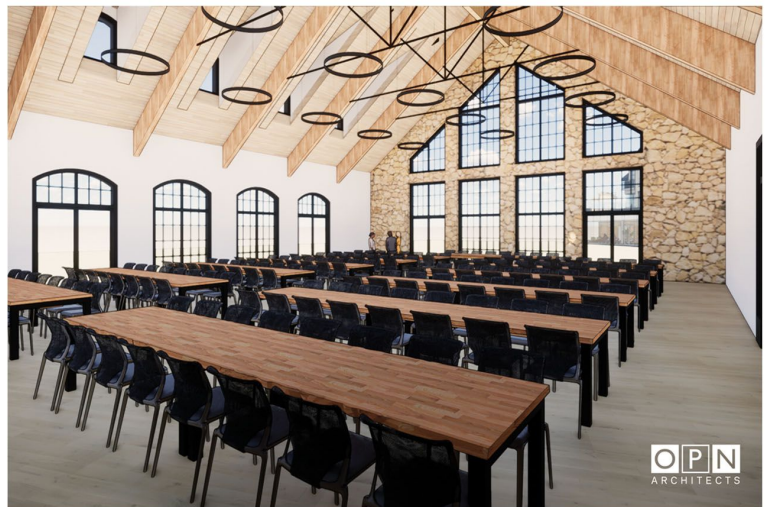
COURTYARD MARKET, CAFÉ & MICRO BREWERY

Featuring Local Faire: "A Taste of Wisconsin Samplers", Craft Beers, Wines, Artisan Retail

VILLAGE SQUARE OUTDOOR MARKET

THE GATHERING AT PIERPOINT

PIERPOINT HOTEL CONCEPTUAL DRAWINGS



THE GATHERING AT PIERPOINT

PIERPOINT HOTEL CONCEPTUAL DRAWINGS



THE GATHERING AT PIER POINT DEVELOPMENT TEAM

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**Architectural Design
Consultants, Inc.**

THE GATHERING
PIERPOINT DEVELOPMENT GROUP, LLC

20-024 10-29-2020 CONCEPTUAL SITE PLAN



Economic Impact of PierPoint Resort Kewaunee Wisconsin

Employment Projections - Lodging Only

Department	Position	Annual Hours	FTE	Wage	Payroll
Rooms Department	Front Desk	5,840	2.9	\$ 13.00	\$ 75,920.00
	Night Audit/Other	5,840	2.9	\$ 15.00	\$ 87,600.00
	Driver/Breakfast/Laund	4,380	2.1	\$ 13.00	\$ 56,940.00
	Executive Housekeeper	2,040	1.0	\$ 17.16	\$ 35,000.00
	Housekeepers	4,380	2.1	\$ 12.00	\$ 52,560.00
	General & Administration	General Manager	2,040	1.0	\$ 31.86
Maintenance	Maintenance	4,020	2.0	\$ 16.00	\$ 64,320.00
Total/Average		28,540	14.0	\$ 15.32	\$ 437,340.00

Projected Economic Impact

Fiscal	Factors/Multipliers	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Annual Room Revenue		\$ 1,788,500	\$ 2,048,152	\$ 2,280,338	\$ 2,545,099	\$ 2,794,531	\$ 2,850,422	\$ 2,907,430	\$ 2,965,579	\$ 3,024,890	\$ 3,085,388	
Projected Property Tax		\$ 246,000	\$ 249,690	\$ 253,435	\$ 257,237	\$ 261,095	\$ 265,012	\$ 268,987	\$ 273,022	\$ 277,117	\$ 281,274	\$ 2,632,870
City Lodging Tax		\$ 71,540	\$ 81,926	\$ 91,214	\$ 101,804	\$ 111,781	\$ 114,017	\$ 116,297	\$ 118,623	\$ 120,996	\$ 123,416	\$ 1,051,613
County Sales Tax	6%											
	0.5%		\$ 8,942.50	\$ 10,240.76	\$ 11,401.69	\$ 12,725.50	\$ 13,972.66	\$ 14,252.11	\$ 14,537.15	\$ 14,827.89	\$ 15,124.45	\$ 15,426.94
Hotel Rooms			\$ 13,065.45	\$ 13,128.33	\$ 14,332.29	\$ 15,539.57	\$ 16,750.79	\$ 16,768.88	\$ 16,789.50	\$ 16,813.01	\$ 16,839.82	\$ 16,870.37
Incidentals												

Potential In-Direct Sales Impact

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Projected Rooms Sold (Subject)	12,775	14,053	15,330	16,608	17,885	17,885	17,885	17,885	17,885	17,885
Projected Commercial Market Rooms	4,471	5,902	6,439	6,975	7,512	7,512	7,512	7,512	7,512	7,512
Projected Leisure and Other Market Rooms	8,304	8,150	8,891	9,632	10,373	10,373	10,373	10,373	10,373	10,373
Projected Average Guests Per Room										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Corporate Guests Per Room	35%	1	4,471	5,902	6,439	6,975	7,512	7,512	7,512	7,512
Leisure and Other Guests Per Room	65%	2.7	22,420	22,006	24,007	26,007	28,008	28,008	28,008	28,008
Annual Guests		26,891	27,908	30,445	32,982	35,520	35,520	35,520	35,520	35,520
Combined Average Guests Per Room		2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

Food & Beverage

Corporate Per Diem (IRS)	\$60	\$ 268,275	\$ 354,123	\$ 386,316	\$ 418,509	\$ 450,702	\$ 450,702	\$ 450,702	\$ 450,702	\$ 450,702	\$ 450,702	\$ 450,702
Leisure and Other (Wisconsin Dept of Tourism)	\$38	\$ 2,300,305	\$ 2,257,838	\$ 2,463,096	\$ 2,668,354	\$ 2,873,612	\$ 2,873,612	\$ 2,873,612	\$ 2,873,612	\$ 2,873,612	\$ 2,873,612	\$ 2,873,612

Arts, Entertainment and Recreation*

*based on per capita revenue Kewaunee County (see study)

	\$	11,585	\$ 13,706	\$ 17,045	\$ 21,051	\$ 25,844	\$ 29,462	\$ 33,587	\$ 38,289	\$ 43,650	\$ 49,761
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Automotive - Fuel

	\$	32,925	\$ 34,170	\$ 37,277	\$ 40,383	\$ 43,490	\$ 43,490	\$ 43,490	\$ 43,490	\$ 43,490	\$ 43,490
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Total Direct and In-Direct Revenue Generated	\$	2,613,090	\$ 2,625,667	\$ 2,866,457	\$ 3,107,914	\$ 3,350,158	\$ 3,353,776	\$ 3,357,901	\$ 3,362,603	\$ 3,367,963	\$ 3,374,074
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