PRESENTATION TO BOARD OF REGENTS’ RESEARCH, ECONOMIC DEVELOPMENT & INNOVATION COMMITTEE

RICHARD WELLS, CHANCELLOR
THOMAS SONNLEITNER, VICE CHANCELLOR ADMINISTRATIVE SERVICES
ART RATHJEN, FOUNDATION PRESIDENT
FEBRUARY 7, 2013
WORKFORCE DEVELOPMENT INITIATIVE EXAMPLES

A. Professional / Technical Skills Gap Closers

B. Higher Order “Cognitive / Soft Skills” Gap Closers
1. Nearly three-fourths of all our degrees awarded annually—about 1,500—are professional, career-ready or science, technology, engineering and math-based (STEM) degrees. The total number of degrees awarded annually increased by 28% (1,700 to 2,200) since fall of 2000.
2. Over the last five years, we boosted STEM baccalaureate degrees conferred from 143 to 201 (more than 40% increase) and health-related degrees, such as nursing increased from 243 to 273 (more than 12% increase)
3. Accelerated Bachelor degrees in Nursing and Math/Science Education

4. Wisconsin’s first Bachelor of Applied Studies and Fire/Emergency Response Management degrees

5. Collaborative on-line Masters degrees in Business Administration
6. New Doctorate of Nursing Practice degree

7. Three new collaborative baccalaureate engineering technology majors scheduled to be launched and delivered during the 2013-14 academic year by NEW ERA’s 13 New North higher educational institutions.
1. University Studies Program: transforming General Education

2. NEW ERA’s innovative on-line Intern-to-Work program connecting New North employers to thousands of talented college students needing internship experience

3. Student-to-Professional Career Services programs
Economic Development Initiatives, Programs, Impacts

A. Creating Local / Regional Market Opportunities / Economic Impacts

B. Supporting, developing new / existing business enterprises

C. Public / Private Business Development Partnerships
1. University’s $500 million annual economic impact

2. University’s annual economic impact directly and indirectly creates 9,000 jobs and more than $37 million of tax revenue

3. University’s decade of growth results in double digit percentage increase of annual economic impact
1. The New North’s only Internationally accredited, largest and highly respected College of Business
2. Wisconsin Family Business Forum
3. Small Business Development Center
4. Environmental Research and Innovation Center (ERIC)
5. Technology Transfer Projects
6. Business Success Center
7. Business Accelerator / AeroInnovate / Business Aviation Park collaboration
PUBLIC / PRIVATE BUSINESS DEVELOPMENT PARTNERSHIPS

1. Biodigester projects / Viessmann partnerships

2. Waterfront Hotel & Convention Center partnership
THOMAS SONNLEITNER, VICE CHANCELLOR
ADMINISTRATIVE SERVICES
ART RATHJEN, FOUNDATION PRESIDENT

Where excellence and opportunity meet.™
UNIVERSITY OF WISCONSIN OSHKOSH

FROM WASTE TO ENERGY TO ACADEMIC PROGRAMMING
• Committed to sustainability
• UW Oshkosh adopted comprehensive Sustainability Plan in 2008 (http://www.uwosh.edu/sustainability)
• UW Oshkosh is Leader in Buying Renewable Energy
• UW Oshkosh was the first school in the state of Wisconsin to sign the President’s Climate Commitment and pledge to attain carbon neutrality
UW Oshkosh and Renewable Energy

- Coupling of education, research, and private sector expertise
- Demonstration site for a variety of renewable technologies
- Committed to the development of partnerships in renewable energy
- Unique capabilities and positioned for the future
Genesis of the UW Oshkosh Sustainability Project which led to the Biodigester construction

Early Development of the Idea

• Nov. 28-30, 2006 – ACORE (Met Stephen Hansen)
• Jan. 4, 2007 - Stephen Hansen presents at UW Oshkosh
• Sept. 24, 2007 – JCI/UWO discussion of BIO Gen idea with Chancellor
• Oct. 26, 2007 – Navigation session with JCI
• June 10-12, 2008 – Legislative visits to Washington, DC re: biodigester
Continuing to evolve......

**Timeline:**

- June 25, 2008 – First discussion with Nadeem Afghan/Tim Rikkers from BIOFerm regarding the dry fermentation anaerobic digester
- July 6-10, 2008 – Visit to Germany to see an operating system
- August 18, 2008 – Met with County Executive, Mark Harris regarding the idea of a landfill digester
- September 5, 2008 – Discussion with JCI Nexterra at Reeve Union

**DEVELOP THE PLAN**
BioFerm selected

• Nov. 3, 2008 – FOE conference call with BioFerm, UWO, FOE
• Nov. 29, 2008 - JCI presentation Brengel Center

Continued design process to identify appropriate system

• September, 2011– Construction Underway
• August 3, 2012- Dry Fermentation Plant Completed
Anaerobic Digestion: “Dry” vs “Wet”

Solid Waste
- e.g. municipal organic waste, manure on straw

Liquid Waste
- e.g. liquid manure

Energy Crops
- e.g. corn and grass silage

Mixed Wastes
- e.g. liquid manure and energy crop

UW Oshkosh Applications:
- Urban campus

Rural, Family Dairy Farm (100 cows)

Rural, Large Dairy Farm (9,000 cows)
TWO MAIN SUBSTRATES USED AT UW OSHKOSH
DRY ANAEROBIC DIGESTER FACILITY

- Methane (biogas) produced by fermentation of organic matter
- Burn biogas to generate electricity and heat
- Biosolid (digestate) product for composting, soil amendment, etc.
UW Oshkosh Anaerobic Digester

- CHP Generator: 370 kW
- Annual Electric: 2,400 MWh (ca. 8% of UWO)
- Annual Heat: 2,700 MWh (ca. 8% of UWO)

- Oshkosh Wastewater Treatment Plant
- Dairy Farms (bedding)
- Food Processing Plants
- Food Waste Collectors
- Commercial Composter
- Oshkosh Senior Center
- Fox Valley Technical College

Feedstock -> Biogas -> Electricity

DIGESTATE SOLIDS

Heat

WPS
Lab, pilot-scale and field studies of bioplastics (new products that need demonstration of efficacy for market development)

LAB:

PILOT:

FIELD:
(composting)
Anaerobic Digestion Research and Services

Consumer-to-compost studies of bioplastics
Real-world scenario: Food Court to Digester

Feed the Beast Campaign

Public organics collection
(Mirel bags by Cortec)

Digestion

Delivery

Waste Sort data
Construction and operation of biodigester II (BD2) will allow faculty, staff and students of UW Oshkosh to:

- Become a leader in renewal energy production, research and development. With access to the Witzel Street dry fermentation biodigester (BD1), BD2, and the new Titan 55, We will be in an unprecedented situation as it relates to research and testing on these systems.
Construction and operation of biodigester II (BD2) will allow faculty, staff and students of UW Oshkosh to:

• Be involved in the operation of BD2. BD2 will be a educational facility for students in our proposed baccalaureate program in Environmental Engineering Technology.

• Increase the research and testing work done at the UW Oshkosh ERIC lab which will also create additional revenue to support students and education programs.
Construction and operation of biodigester II (BD2) will allow faculty, staff and students of UW Oshkosh to:

- Increase the number of scholarships and paid internships available for students
- Develop new and grow existing programs for students in curricular programs such as pre-Veterinarian, Environmental Studies, Engineering Technology, Microbiology, Chemistry, and Geology
Construction and operation of biodigester II (BD2) will allow faculty, staff and students of UW Oshkosh to:

- Develop related graduate programs
- Increase scientific, social and environmental research opportunities.
- Develop the new center on rural community development
- Offer outreach/training programs for K-12, businesses and municipalities
PROPOSED PLANT LOCATION

Aerial view of Rosendale Dairy

Proposed Plant Site

Proposed Site Layout
• EUCOlinio is a compact containerized biogas plant system designed for small farm applications that uses biomass to create energy through anaerobic digestion.

• The system is ideal for agricultural operations with a limited amount of biomass, and can utilize a number of different feedstock options, including manure, yard waste, and food waste.

• The EUCOlinio system is simple, flexible and can be easily integrated into already-established operations.
The Viessmann Group GmbH ($2.3 billion annual revenue), which is headquartered in Allendorf, Germany and is one of Europe’s largest producers of boilers and heating equipment. The Viessmann group was founded in 1917 and has since become one of the leading international manufacturers of heating and renewable energy systems. The Group maintains a staff of approximately 9,400 employees.
THE VIESSMANN GROUP

Has committed to:

• Dozens of paid internships for UW Oshkosh Students at Viessmann, (including monthly stipend and accommodations).
• Seminars for UW Oshkosh Students in Germany
• Lectures by Viessmann experts at UW Oshkosh
• Fund 2 full scholarships per year for UW Oshkosh students
THE VIESSMANN GROUP

Has committed to:

• Exchange program - bring up to 50 German students (per year) to UW Oshkosh

• Custom middle level management training program for hundreds of Viessmann employees at UW Oshkosh provided by the College of Letters & Science and College of Business

• Custom top-level executive training program for Viessmann employees at UW Oshkosh provided by the College of Letters & Science and College of Business
Has committed to:

• A fully-endowed $100,000 per year salary for the chair of Sustainable Technology in support of the emerging NEW ERA engineering degree program in environmental, electrical and mechanical technology majors
Has committed to:

• A fixed term design/build contract
• Support for research opportunities for faculty and students
• For example: the current Crawford/Schuttlefield project to “Demonstrate Conversion of Biogas Methane and carbon Dioxide to Methanol via Solar Energy”
Has committed to:

• Using ERIC as its primary testing laboratory

• Allowing students and faculty access to engineers and facility to support the Environmental Engineering Technology program

• Guaranteeing energy output to 80% of predicted performance
Has committed to:

- Purchasing its electricity from BD2
- Giving UW Oshkosh ownership of fiber (post-digested substrate)
- Developing and investing in research and education center
Milksource LLC

Has committed to:

• Allowing UW Oshkosh faculty and student researchers access to dairy and surrounding land

• Working with the Rosendale area citizens toward being a productive, responsive member of the community
SOIL NET LLC

Has committed to:

• Providing Post-doctoral positions at UW Oshkosh

• Involving UW Oshkosh faculty in cutting-edge research on fiber use

• Investing in infrastructure for fiber processing needed to ensure most efficient use of and maximize payback from sale of fiber
Oshkosh Premier Waterfront Hotel and Convention Center
TIMELINE

Foundation

- Summer 2010 – contracted Hospitality Marketers International for operational performa (for Alumni Welcome Center)
- Fall 2010 – addendum to HMI contract to explore performa on downtown City Center Hotel
- Fall 2010 – create UW Oshkosh Foundation Hotel LLC
- Fall 2010 – joint partnership with WHG hotel group and UWO Foundation to purchase downtown hotel
- Spring 2011 – partnership dissolves
- Fall 2011 – UWO Foundation engages second partnership with RB Hospitality and Pfefferle Group
- February 2012 – purchase hotel for $2.1 million
- February 2012 – immediately close property to initiate 15 month redevelopment plan for May 1, 2013 opening
COMMUNITY PARTNERS

• University of Wisconsin Oshkosh Foundation
• RB Hospitality
• Pfefferle Companies
• Oshkosh Area Community Foundation
• City of Oshkosh
OWNERSHIP GROUP

A vested interest: University of Wisconsin Oshkosh Foundation, RB Hospitality and Pfefferle Companies.

Income Components:
• Hotel Revenues
• Restaurant Revenues
• Convention Center Revenues
## Financial Projection

<table>
<thead>
<tr>
<th></th>
<th>Year One</th>
<th>Year Two</th>
<th>Year Three</th>
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<tbody>
<tr>
<td>Occupancy Rate</td>
<td>50%</td>
<td>58%</td>
<td>65%</td>
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<tr>
<td>ADR</td>
<td>$94.00</td>
<td>$98.00</td>
<td>$101.00</td>
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<tr>
<td>Hotel Revenue</td>
<td>$3,028,338</td>
<td>$3,662,356</td>
<td>$4,230,008</td>
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<tr>
<td>Gross Revenues</td>
<td>$6,065,225</td>
<td>$6,400,900</td>
<td>$7,382,610</td>
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<tr>
<td>Net Income</td>
<td>$99,402</td>
<td>$1,015,988</td>
<td>$1,526,544</td>
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</table>
$7.5 million – secured bank loan
$2.0 million – City of Oshkosh TIF
$1.0 million – ownership group
$1.0 million – Oshkosh Area Community Foundation
$4.2 million – private equity investors
Total = $15.7 million*

*Year three additional $1.0 million pay-go TIF committed to the project by City of Oshkosh
BENEFITS TO INVESTORS

• High performance hotel = excellent earnings
• Quarterly distributions
• Non-recourse debt
• Benefits of real estate ownership: Taxable income
• Exit strategy
• Beyond the financial aspects: Community/University
THE GROWTH PLAN
2010, Hospitality Marketers
International Inc:
Local market would support mid-market, full-service hotel and Convention Center

<table>
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<tr>
<th>Probable Occupancy Rates</th>
<th>Projected ADRs</th>
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<tbody>
<tr>
<td>53.5% in 2012</td>
<td>$90.36 in 2012</td>
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<tr>
<td>61.8% in 2013</td>
<td>$96.33 in 2013</td>
</tr>
<tr>
<td>67.3% in 2014</td>
<td>$102.62 in 2014</td>
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WATERFRONT HOTEL UNDER CONSTRUCTION
Renovated Lobby
BALLROOM CONSTRUCTION
RENOLVATED BALLROOM
RESTAURANT UNDER CONSTRUCTION
Restaurant at River’s Edge
Restaurant floor plan
GUEST ROOM UNDER CONSTRUCTION
REMODELED GUEST ROOM
OUTDOOR PATIO
COLLABORATIVE BENEFITS OF PARTNERSHIP

• **Visibility** - downtown presence for UW Oshkosh

• **Renovated facility** - compliments campus event facilities (AWCC)

• **Hotel partnership** - site for University / technical college / UW System paid internships

• **Event City** - UW Oshkosh plays expanded role
Takeaway: Economic Benefits & Impact

• Created over 350 full-time/part-time construction jobs (71 contractors on site 2-5-13)
• Renovated facility creates over 220 full-time/part time hospitality jobs (hotel, restaurant, convention center)
• New hotel revitalizes downtown businesses, supports resurgence for conference/convention business and indirectly infuses thousands of dollars and hundreds of job supporting other Oshkosh businesses (restaurants, fine arts, lake activities, concert series, etc.)
• One of the largest single site lodging facilities (four-star waterfront hotel) serving Oshkosh and northeast Wisconsin)
Takeaway: Educational Benefits & Impact

- Committed Foundation’s profit share to Oshkosh high school student scholarships and innovative high impact priority academic programs at UWO
- Creation of paid internship programs for students and consultant opportunities for faculty and staff
- Career employment opportunities and part-time jobs (hotel, business office operations, hospitality services, and convention center operations)
ALUMNI WELCOME AND CONFERENCE CENTER
$12.3 MILLION PROJECT CURRENTLY UNDER CONSTRUCTION
PROJECT GOALS

- Enhance Image, Visibility, Accessibility, and Prestige of UW-Oshkosh
- Replace River Center (lost in the 2008 flood)
- Create a Front Door “Sense of Place” for UW Oshkosh
- Enhance Meeting and Conference Facilities serving the campus, Community, and State.
- Provide a Campus Venue to Showcase Academic and Intellectual Programs
- Become a Destination for Our Community and Regional/State Events
- AWCC complements and enhances the waterfront hotel conference/convention project
Questions?

Thank you