



## Business Sector, Community Call for Luxury Hotel in Downtown Fond du Lac, Wis.

**MARK O'MEARA, SENIOR WRITER, NOVOGRADAC & COMPANY LLP**

**W**hile the city of Fond du Lac, Wis., only has about 43,000 residents, it remains a corporate business hub to the area.

Companies such as Mercury Marine, Alliance Laundry and Agnesian HealthCare have their headquarters in the area—but the city didn't have a luxury hotel to service the business and leisure sectors.

Until now.

Legendary Hotels is refurbishing the historic Hotel Retlaw. "The city is a hidden gem from a corporate business standpoint. There are lots of corporate headquarters in the region," said Dennis Doucette, a principal-partner at Legendary Hotels. "The business community wanted a luxury product downtown."

Doucette said the Holiday Inn and Hampton Inn were the only other options in the area.

Hotel Retlaw was built in 1923 by local hotel magnate Walter Schroeder. "This is a good project given it was the flagship of the Schroeder hotels," said Jonathan Beck, vice president of the Wisconsin Historical Real Estate Foundation Inc., who brokered the federal and state historic tax credits (HTCs) and bridge financing. "Retlaw is Walter spelled backward."

However, the hotel wasn't well maintained over the years and it closed in December 2015. In the years prior, Doucette said the hotel only had about 15 employees and had an occupancy rate of no more than 25 percent.

Doucette saw past the aging façade. "The building had good bones," said Doucette. "Downtown Fond du Lac had a lot of potential to raise the bar and introduce a luxury product."



continued from page 1

The hotel, which once had 135 rooms, will have 127 rooms after the rehabilitation, which Doucette said was done to build a handful of larger suites.

Hotel Retlaw will also feature a luxury spa and fitness center in the basement of the hotel, a pool and the Espresso Café & Bistro Bar for coffee and pastries. Jazzmine’s Brasserie and Lobby Bar will offer jazz music seven days a week.

Legendary Hotels purchased the building next to Hotel Retlaw and is building a sports and gaming tavern. The aesthetic will be that of a 19<sup>th</sup> century English gentlemen’s club. Doucette said full dinners will be served at moderate prices and the food will include steaks, burgers and the like. Classic board games will be readily available for patrons to play while they eat, drink and relax.

*Image: Courtesy of GURU OF LUXURY LLC*  
**Legendary Hotels is refurbishing the historic Hotel Retlaw in Fond du Lac, Wis.**

“The Retlaw will introduce over 30,000 visitors per year to the downtown district. This will be an economic driver for Fond du

Lac. It is catalytic for downtown,” said Doucette. “We’re not here to compete with current downtown businesses. Retlaw’s programming will complement the market.”

Beck said a number of local businesses have made upgrades since the hotel renovation began. Doucette said the development will create about 140 jobs.

At press time, Doucette said Legendary Hotels was working on the drywall. He anticipates a December opening.

### Preserving History

In order to preserve the historic hotel, Legendary Hotels used equity from both federal and state HTCs. As such, a number of the historic features of the hotel were preserved. The original entrance to the hotel was closed off in the 1980s, so Legendary Hotels is reopening it. There will be two main entrances to the hotel when it reopens. “We will maintain the integrity of this historic property,” said Doucette.

continued on page 3



continued from page 2

The brick exterior will be repaired and preserved and the windows will be replaced with historic replicas. “This was a luxury hotel,” said Doucette. “Fond du Lac has not had a luxury product in the market for the last 20 to 30 years.”

“This is such a nice fit for the state HTC,” said Beck. “It’s important to spread these credits to the various smaller communities across the state.”

### Financing

Monarch Private Capital was the federal HTC investor, providing \$3.6 million in equity. “This is bringing back a really cherished property,” said Rick Chukas, managing director of federal historic tax credits at Monarch Private Capital. “It is a linchpin property

for Fond du Lac and will bring in a lot of destination travelers.” Chukas liked this development because Doucette has a strong track record of managing and operating luxury hotels.

*Image: Courtesy of GURU OF LUXURY LLC*

**Hotel Retlaw will feature 127 rooms, a luxury spa and fitness center, a pool, and Jazzmine’s Brasserie and Lobby Bar that will play jazz music seven days per week as well as the Espresso Café & Bistro Bar for coffee and pastries.**

U.S. Bank was the state HTC investor, providing \$3.6 million in equity.

“The project would not take place without the HTCs,” said Doucette.

“This has spurred continued development in downtown Fond du Lac,” said David Barker, president of Barker Financial, which purchased the property and sold it to Legendary Hotels. “We got comfortable with Legendary Hotels’ vision of the hotel—it is the right fit for Fond du Lac. It’s an ambitious plan for the city.” Barker Financial stayed on as the guarantor of the tax credits and the first mortgage.

Development financing included a \$9.5 million senior loan from Two Rivers Bank, a \$6.5 million HTC bridge loan from Lincoln Savings Bank, \$3.5 million in owner cash equity, \$2.3 million in tax increment financing from the city of Fond du Lac, \$1.2 million jobs loan from Fond du Lac County and a \$500,000 community development investment grant from the Wisconsin Housing and Economic Development Authority. “This

continued on page 4

continued from page 3

development had community support,” said Barker. “Their willingness to support it financially and otherwise [was attractive].”

“Baker Tilly provided financial modeling and structuring expertise, which was critical given the complexity of the project’s capital stack,” said Beck.

The development also received \$2 million in Property Assessed Clean Energy (PACE) financing. PACE financing is used to fund property improvements during the construction period as qualified costs are incurred. Doucette said payments get attached to property taxes over 20 years. ♦

**Hotel Retlaw**

**FINANCING**

- ♦ \$9.5 million senior loan from Two Rivers Bank
- ♦ \$6.5 million historic tax credit (HTC) bridge loan from Lincoln Savings Bank
- ♦ \$3.6 million in federal HTC equity from Monarch Private Capital
- ♦ \$3.6 million in state HTC equity from U.S. Bank
- ♦ \$3.5 million in owner cash equity
- ♦ \$2.3 million in tax increment financing from the city of Fond du Lac
- ♦ \$2 million in Property Assessed Clean Energy financing
- ♦ \$1.2 million jobs loan from Fond du Lac County
- ♦ \$500,000 community development investment grant from the Wisconsin Housing and Economic Development Authority

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