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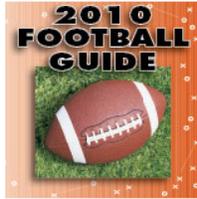
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Developer continues search for financing
Bill Livick
Observer Editor

Early last year, village officials approved commercial developer Paul Lynch's plan to build a Holiday Inn Express on Oregon's southside, but ground has yet to be broken on the project.

Lynch has been negotiating with village officials for Tax Incremental Financing (TIF) assistance and has a tentative agreement for up to \$440,000 on a "pay-as-you-go" basis.

That means the village will not be providing upfront funding for the project, but once the hotel is built and starts generating tax dollars, Lynch and his partners would get up to \$440,000 of that money back over the course of 14 years, according to the terms of the village's offer.

That's left the developer searching for outside investors.

"Because it's developer funded, we have been out looking for venture capital," Lynch told the Village Board at an Aug. 2 meeting. "We haven't had much success - it's basically not there. However, we do still have our investors who've been with us since day one on this project, as well as the bank, who's agreed to provide funding. We also have SBA (the Small Business Administration), who's interested in funding a portion of this project."

Lynch, president of PLH & Associates, LLC in Oregon, is seeking additional funding from Dane County to cover a gap in the construction cost of the proposed 69-room hotel, which would be built on a 2.8-acre lot at 1056 Park St., in the village's nascent TIF 4 district.

Last week Lynch and village officials met with a representative of Dane County's Revolving Loan Fund committee to discuss the possibility of securing a loan. Village officials are strongly in support of the hotel project

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and are working on Lynch's behalf for county funding, said village administrator Mike Gracz.

"Paul's' frustration is that he hasn't been able to get an application to the committee," Gracz said. "We are committed to having Paul get his time before that committee. Once it goes there, it goes through this elaborate referral system in the county. I'm optimistic that this is going to work out."

Village officials see the hotel project as the start of redevelopment in a somewhat dilapidated part of the village. With 82 parking stalls and a 45,000-square-foot building, the hotel would keep some \$3 million in the village that would otherwise be spent in neighboring communities, according to a feasibility study that PLH & Associates had commissioned. It would generate thousands of dollars a year in room taxes, along with other tax dollars, which would benefit both the village and the Oregon Area Chamber of Commerce, which would receive a percentage of the room tax to promote tourism and economic development.

The hotel would provide much-needed jobs in Oregon, and other economic benefits to the village would be "huge," according to architect and Oregon Planning Commission member Jeff Groenier, who joined Lynch in addressing the Village Board at an Aug. 16 meeting.

"The TIF money alone to improve the roads and intersection down there is invaluable," he said. "It would also help those blighted lots down there. The chances for development down there are huge if the hotel goes in. It's a good opportunity. Oregon really needs a hotel."

At the same meeting, trustee Phil Harms expressed some concern about the village's commitment to the project. "The biggest thing I'm kicking around is the fact that if, God forbid, this thing should go under and we've used public funds to help build this, we've got constituents to answer to," he said. "If it goes positive, we may not hear from them. If it goes negative, we're going to hear from them. They'll howl."

Still, Harms and the rest of the Village Board have decided to back the project, believing that a hotel would bring renewed interest and vitality to Oregon's neglected southside.

"We're going to try to help Paul get this county funding," Gracz said Tuesday. "We're going to shepherd it through the process."



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