

To the Membership:

The HMGS Board of Directors (the “BoD”), would like to provide another update on the recent auction and potential sale of the Lancaster Host Resort (the “Host”).

The Auction:

As was previously communicated, on December 3, 2015 it was announced that the Host was listed for auction. The auction started on December 14, 2015 and ended on December 16, 2015. Through several sources, the BoD had learned that at least six parties were interested in buying the Host. We further found that several of these buyers had the intention of redeveloping the site to focus on a shopping center, while others were interested in renovating the existing hotel structure. The bidding opened at \$2.7 million, but there was an undisclosed minimum sale price which also needed to be met. We learned that this minimum price was \$9.1 million. Bidding on the Host was sporadic until the last hour which saw the price rise to \$8.3 million. At that point, Milestone Hospitality, the owner of the Host, saw that the minimum price would not be met and concluded the auction without a sale.

Therefore, as of right now, the Host has NOT been sold.

Our Actions:

When the BoD learned of the auction, we made preparations in case a sale was completed. To this end, we stepped up our efforts to find a viable alternative site to the Host. We called each of the alternative venues on our short list to find out if they had any available convention dates in March or April 2016. Several still had open dates and could accommodate us. In addition, some venues extended a courtesy by waiving the normal deposit and have marked us in their calendar. However, if another party wanted to book the venue, we would have to commit with a deposit or lose the date. It basically just gives us a head's up or right of first refusal.

What's Next:

Although the auction did not result in a sale, Milestone Hospitality is still trying to negotiate a deal with two of the potential buyers. These negotiations could take days or weeks. They can be successful or unsuccessful. While we do not know the buyers at this point, we have been informed that they are the ones who were interested in renovating the hotel. We were also contacted by the management of the Host on the morning of 12/17 to confirm that as of right now, the hotel is still operating.

We have also reached out to Milestone Hospitality to see if there is a possibility of amending our contracts to give us some additional options in case a sale is still made. We have yet to receive a response, but will continue our efforts.

I would have liked to report some concrete results at this point, but there is still some uncertainty. As this is the case, until we learn otherwise, Cold Wars 2016 is still on schedule to be held at the Host. We will have another update to the membership as soon as any new relevant information is received.

Respectfully,

John Spiess

HMGS Director of Communications