

To the Membership:

This is an update to the Lancaster Host Resort and Conference Center (the "Host") auction and ensuing proceedings. This is the same information that Scott Landis briefed to the attendees at the Friday night Cold Wars membership meeting and is provided for those of you who were unable to attend.

What we know:

After the auction ended with no buyers meeting the minimum sale price, several potential buyers have continued to negotiate with the Host owners over the last few months. Two of these are nationally known hotel chains who plan to keep the Host in operation as a hotel. They have been examining the Host financial records and inspecting the building facilities. Some of the more observant of you may have noticed one such group over the weekend at Cold Wars.

We have been informed by Host management that the potential buyers all plan to renovate the building piecemeal starting with the HVAC and other essential internal systems. Rooms will also be updated and modernized. If this occurs, we will lose a percentage of rooms as the room upgrade will occur in phases. However, we are not filling the hotel now as many attendees stay elsewhere due to the conditions at the Host. The Host has essentially waived the room night requirement since many of their rooms are not usable. Host management believes the sale will take place within the next two months. For HMGS, the timing is very important since we would need ample time to plan Fall-In!, whether it is at the Host or elsewhere. Should a buyer sink considerable capital into the Host the new owner may also elect to not honor the existing contracts as part of the terms of sale. We expect them to want to renegotiate our contracts to recoup some of their expenses.

Options and Alternatives:

At this point, the Host has not cancelled any future contracts, so Fall-In! 2016 and Cold Wars 2017 will go on as planned unless the Host or the new management cancels our existing contracts or cannot provide a usable facility. As you know, HMGS, Inc. cannot initiate a cancellation of either convention without incurring a substantial monetary penalty. We found alternate venues for Cold Wars 2016 and had cost feasible proposals in hand in December. We were prepared to move Cold Wars 2016 if necessary.

The Board has decided to pursue an alternate site for Fall-In! 2017 with proposals due for review at Historicon this summer. By then, we expect the Host's future to be known and any work that has gone into considering alternate sites will expedite selection of a site for Cold Wars 17 and Fall-In! 16 should it be necessary.

Our Goal:

Our goal is to continue to run our conventions, whether at the Host, or another location. Event and vendor registration is open for Historicon 2016. We will continue to update to membership as soon as any new relevant information is received.

Respectfully,
On behalf of the HMGS Board of Directors

Kevin Kelley
HMGS, Inc. Director of Communications