

Dear Interested Parties,

Thank you for taking an interest in the information contained in this booklet. We are providing you with some background information that you may not be aware of concerning government subsidies to retail businesses.

We work with Oppidan, an investment company that is a leader in the merchant real estate development industry throughout the United States. Oppidan is the exclusive developer for Gander Mountain stores, a retail company in the outdoor lifestyle industry.

We appreciate the work that goes into developing a community, and while we are in favor of economic growth and development in our communities, we also are interested in ensuring a level playing field for business, particularly those in the retail industry. As some of the information contained in this report demonstrates, state and local governments are put in a bidding war to attract certain retail businesses with promises of creating a certain number of jobs, increasing the tax base, and spurring growth around the retail site. In many cases, these promises fall short of the mark, and at the same time these practices squeeze out competitors that are not seeking government subsidies.

Competitors of Gander Mountain, such as Cabela's and Bass Pro, have been actively pursuing government subsidies in order to build their stores. We'd like you to consider the following points:

- Retail merchants carefully analyze markets and build stores where their customers live and shop. In communities where Bass Pro and Cabela's would have likely located stores based on market research, they have successfully extracted government handouts.
- As evidence of this point, the New York Times published an article on November 30, 2005 on Cabela's. The article stated: Cabela's, which went public last year in part to finance the growth of its retail business, prefers towns that are on major Interstates and less than a 30-minute drive from large metropolitan areas. The company maps out where it has the most catalog customers and how much they spend. "I have a color-coded map of the U.S. on my wall with green representing the best areas for us to locate stores," said Mr. Callahan, adding that Cabela's has identified at least 50 green zones and plans to open four stores next year.
- It is not an appropriate role for state and local governments to favor one retailer over another by awarding subsidies. In fact, legislators in Missouri, Colorado, Indiana and other states agree and are considering legislation to put an end to such subsidies.
- Cabela's and Bass Pro's claims of their impact on tourism are misleading, given their rapid expansion in many states. Each additional store diminishes the tourism attractiveness of its predecessor. Moreover, in the past five years, the total square footage of outdoor lifestyle retail space has grown from one million square feet to more than 14 million square feet. This indicates that these merchants are not necessarily unique, and that the industry is growing even without the assistance of government.

- Questions are being raised all around the country regarding the appropriateness of subsidies Cabela's and Bass Pro have been receiving. Lawsuits have been filed by private citizens in many locations and the media has been focusing their attention on this as well.
- Gander Mountain does not need to be paid to locate in a community where their customers live and shop. They only need a level playing field where government stays out of the retail business and market forces are allowed to work.

Included in this document you will find a case study of a community in Minnesota, information from the Federal Reserve, an article from the Mackinac Project in Michigan, a report from the Oklahoma Council of Public Affairs, a case study about the growth and demise of electronics retail giant The Incredible Universe, and other news clippings demonstrating similar stories in communities all over the United States that have been swept up in the bidding war for retail establishments.

We respectfully ask that you read through the documentation provided. We hope it will spark a discussion about the use of government subsidies for retail development. Please let us know if you have any questions or would like additional information.

David Ewald  
Ewald Consulting  
[www.ewald.com](http://www.ewald.com)