



ADDRESS
555 W. Wells Street, Milwaukee, WI 53203

PHONE NUMBER
414.908.6000

WEBSITE
WCD.org

TO: WCD Board Members
FROM: Marty Brooks, President and CEO
RE: Wisconsin Center District Update
DATE: March 27, 2020

Reporting from the Wisconsin Center, we continue to work with the meeting planners and promoters whose events have been affected by COVID-19 across all three buildings. Although we do not know the date we will be back open for business, activity for the third and fourth quarters of this year have the potential to be strong. I will continue to keep you updated.

On Monday of this week I wrote to you about, among many issues, the April 2nd Board meeting and the anticipated vote to authorize the expansion of the convention center. At such time as the bond and hospitality markets rebound, we want to react in a nimble manner to secure favorable project financing pending final affirmation from the Governance Committee that the appropriate market conditions have been achieved.

I also shared with you that I had engaged in discussions with a senior member of the City of Milwaukee to explore an agreement that would result in the City's full support of the expansion, including maintaining their certification of the terms required for us to receive the State's moral obligation. Further that I would be continuing my efforts to bring this open issue to closure.

Over the past several days very productive discussions with multiple City officials and have yielded a Payment in Lieu of Taxes (PILOT) program that both the Common Council and WCD Board could accept. I have attached the framework of these terms and ask that you review them and provide me with your feedback. This agreement will need to be approved in conjunction with the approval of the expansion during the April 2nd Board meeting.

Stay safe and I'll speak with you soon.

Marty

Fax: 414.908.6010 | Box Office Fax: 414.223.0286

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City of Milwaukee Payment In Lieu of Taxes Proposal
Draft as of March 25, 2020

The Wisconsin Center District (WCD) seeks to fund the expansion of the existing convention center and has received the State of Wisconsin's moral obligation towards \$300 million of the bonds to be issued for the project. In exchange for the February 2020 City of Milwaukee's certification that the WCD met the requirements, the WCD proposes the following:

Effective with WCD's 2025 fiscal year, the WCD will remit to the City of Milwaukee a Payment In Lieu of Taxes (PILOT) in the amount of \$750,000 for the first thirty million dollars (\$30,000,000) of Net Income, as defined as net revenue less expenses and deducting capex, grant and bond premium amortization and before depreciation. Furthermore, for each additional ten million dollars (\$10,000,000) of Net Income above thirty million dollars in any fiscal year, WCD shall remit to the City of Milwaukee an additional \$750,000. Net Payments to be made within thirty days of receipt of audited financial statements. No payment will be made in any year the WCD does not generate Net Income of at least \$750,000.

By example:

Net income \$750,000 to \$30,000,000 City receives \$750,000

Net income \$30,000,001 to \$40,000,000 City receives an additional \$750,000

Net income \$40,000,001 to \$50,000,000 City receives an additional \$750,000

Each additional \$10,000,000 increase to Net Income City receives an additional \$750,000

Term of the agreement will be the length of the initial bond offering. Over a forty year period the City of Milwaukee will receive \$30,000,000 from the WCD and potentially more with additional payments in those years Net Income performs above the base payment.

City of Milwaukee will waive any and all building permit fees in connection with the proposed expansion of the convention center and any future construction and/or expansion by the WCD on WCD owned property.

City of Milwaukee will not pursue or seek claim to all or a portion of any existing WCD revenue sources.

City of Milwaukee agrees not to levy any new fees or increase any existing fees on any WCD properties unless mandated by state or federal government law.

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Past practices for the approval and cost of City permits (non-building permits) will be followed.

As part of the Wisconsin Center expansion project, the WCD will provide the City of Milwaukee a Memorandum of Understanding reflecting the WCD's inclusion plan including the percentages of goals for minority businesses and staffing. Additionally, a Residents Preference Program (RPP) of at least 40% on onsite construction labor hours will be performed by construction trade workers residing in the City of Milwaukee and/or certified through the City of Milwaukee Residents Preference Program. WCD also agrees to provide comparable compliance reports at the similar timing as was followed during the construction of the Fiserv Forum.

This proposal and subsequent agreement are subject to the WCD Board approving the funding of the expansion project, funding being secured and the expansion completed and open for use by December 31, 2023. Any delays in securing the funding and/or the opening of the facility beyond December 31, 2023 will delay the commencement of payment due to the City by the corresponding year(s).

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