



WISCONSIN CENTER DISTRICT OPERATIONS REVIEW VOLUME I OF II – EXECUTIVE SUMMARY



Barrett Sports Group, LLC
Crossroads Consulting Services, LLC
March 17, 2017

TABLE OF CONTENTS

VOLUME I OF II

- I. EXECUTIVE SUMMARY
- LIMITING CONDITIONS AND ASSUMPTIONS

VOLUME II OF II

- I. INTRODUCTION
- II. WCD OVERVIEW
- III. MARKET OVERVIEW
- IV. BENCHMARKING ANALYSIS
- V. WCD/VISIT MILWAUKEE STRUCTURE
- VI. FINDINGS AND RECOMMENDATIONS
- APPENDIX: MARKET DEMOGRAPHICS
- LIMITING CONDITIONS AND ASSUMPTIONS

TABLE OF CONTENTS

VOLUME II OF II

I. INTRODUCTION

II. WCD OVERVIEW

- A. Wisconsin Center
- B. UW-Milwaukee Panther Arena
- C. Milwaukee Theatre
- D. Consolidated Statements
- E. Lost Business Reports
- F. Key Agreement Summaries
- G. Capital Repairs History
- H. Site Visit Observations

TABLE OF CONTENTS

VOLUME II OF II

III. MARKET OVERVIEW

- A. Demographic Overview
- B. Hotel and Airport Data
- C. Competitive Facilities
- D. Demographic Comparison
- E. Comparable Complexes
- F. Comparable Complex Case Studies
- G. Local Sports Teams
- H. Festivals/Other Events
- I. Downtown Development
- J. General Observations

IV. BENCHMARKING ANALYSIS

- A. WCD Benchmarking
- B. Wisconsin Center Benchmarking
- C. UWM Panther Arena Benchmarking
- D. Milwaukee Theatre Benchmarking

TABLE OF CONTENTS

VOLUME II OF II

V. WCD/VISIT MILWAUKEE STRUCTURE

VI. FINDINGS AND RECOMMENDATIONS

A. WCD SWOT

B. Strategic Recommendations

APPENDIX: MARKET DEMOGRAPHICS

LIMITING CONDITIONS AND ASSUMPTIONS

I. EXECUTIVE SUMMARY

Introduction

- Barrett Sports Group, LLC (BSG) and Crossroads Consulting Services, LLC (Crossroads) are pleased to present our review of the Wisconsin Center District (WCD) operations

- Purpose of the Study
 - Provide an independent, objective evaluation of the current management and operations of the WCD facilities
 - Develop strategic recommendations and operating strategies to optimize performance and assist the WCD in future planning efforts
 - Although we did consider the existing (or potential) relationships of the WCD and VISIT Milwaukee or the Marcus Center, we did not review the operations of those entities
 - We did not complete a convention center expansion feasibility study

- The WCD's mission statement is a critical element as it dictates the operating strategy for the management team
 - Maintain, and continuously build, our professional reputation in the convention, entertainment, and sporting events industry on all levels, both locally and nationally
 - Present first-class facilities in the 21st century
 - Provide the most effective use of space for our clients by utilizing the collective talents of all WCD employees
 - Create and sustain jobs, income, and prosperity in the greater Milwaukee community

I. EXECUTIVE SUMMARY

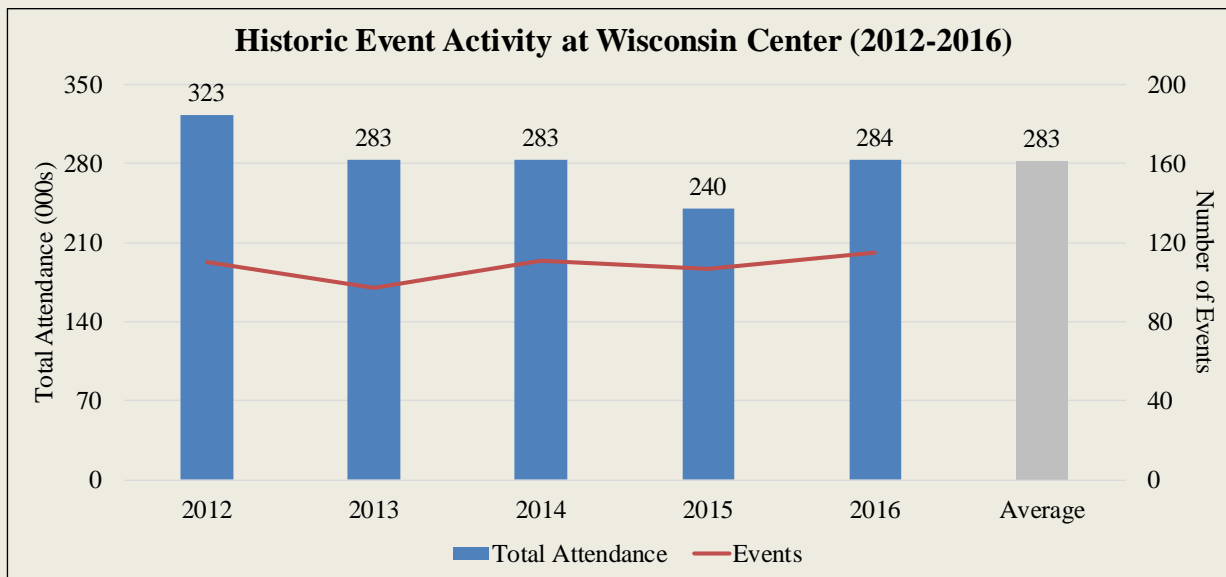
Summary of Tasks Completed

- Conducted over 60 interviews from individuals in the following organizations: WCD Board of Directors, WCD staff, City of Milwaukee, Milwaukee County, VISIT Milwaukee, tenants, event promoters, others
- Reviewed and summarized WCD financial and operating performance, including but not limited to: revenue and expense statements, lost business reports, event attendance/occupancy reports, per capita revenue reports, and capital repairs reports
- Reviewed and summarized key agreements and documents
- Completed five event site visits at WCD facilities
- Reviewed market area and summarized key market characteristics
- Compiled a list of comparable complexes and individual facilities
- Compared demographic characteristics of Milwaukee to similar sized markets/comparable complexes
- Reviewed competitive facilities and other key market factors
- Reviewed financial and operating performance of comparable facilities
- Completed benchmarking study for all three WCD facilities on individual facility and complex level
- Reviewed WCD relationship with VISIT Milwaukee
- Provided overview of Destination Marketing Organization (DMO) structures and facility management structures
- Completed SWOT analysis for WCD
- Provided strategic recommendations for WCD

I. EXECUTIVE SUMMARY

Wisconsin Center – Utilization

- The Wisconsin Center averaged 108 events and 282,500 in total attendance during the profiled five-year period
- Total attendance declined each year from 2012 to 2015 before increasing by 18% in 2016
- During the profiled period, total attendance peaked in 2012 which was primarily due to high attendance at consumer shows and tradeshows
- The increase in event activity in 2016 was driven by an increase in banquets (8) and conventions (6)



I. EXECUTIVE SUMMARY

Wisconsin Center – Financial Performance (Before G&A Allocation)

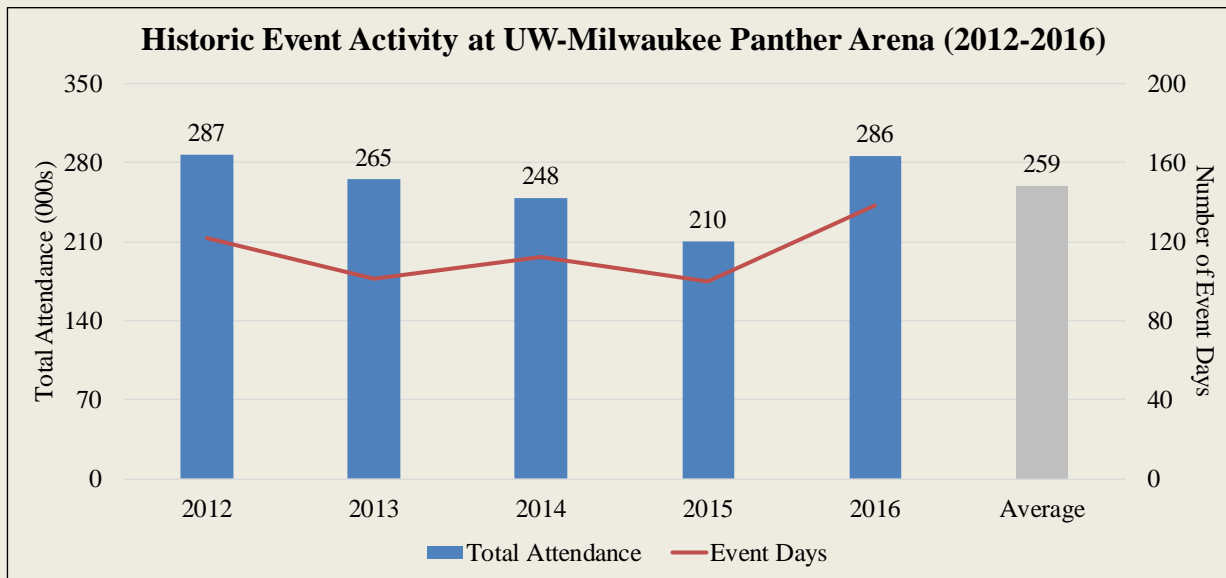
- The Wisconsin Center averaged an operating profit of \$2.7 million from 2012 to 2016, prior to allocation of general and administrative expenses
- Operating income decreased by 31% from 2014 to 2015 before rebounding in 2016
 - The decline was primarily attributable to a decrease in net concessions revenue and event room fees
 - Despite lower operating income in 2015, the Wisconsin Center still realized an operating profit of \$1.5 million
- In 2016, the Wisconsin Center realized an operating profit of \$3.0 million
- *Figures do not include any allocation for general and administrative expenses*

FYE December	2012	2013	2014	2015	2016	Average	CAGR
Total Operating Income	\$7,292,194	\$7,059,731	\$8,219,250	\$5,711,751	\$7,280,946	\$7,112,774	0.0%
Total Operating Expenses	\$4,831,393	\$4,426,553	\$4,387,226	\$4,170,495	\$4,235,510	\$4,410,235	-3.2%
Operating Profit Contribution	\$2,460,800	\$2,633,178	\$3,832,023	\$1,541,256	\$3,045,436	\$2,702,539	5.5%

I. EXECUTIVE SUMMARY

UW-Milwaukee Panther Arena – Utilization

- UW-Milwaukee Panther Arena averaged 115 event days and 259,200 in total attendance during the profiled five-year period
- Total attendance declined each year from 2012 to 2015 before increasing by 36% in 2016
 - The increase can be primarily attributed to the Admirals, graduations, and assemblies



I. EXECUTIVE SUMMARY

UW-Milwaukee Panther Arena – Financial Performance (Before G&A Allocation)

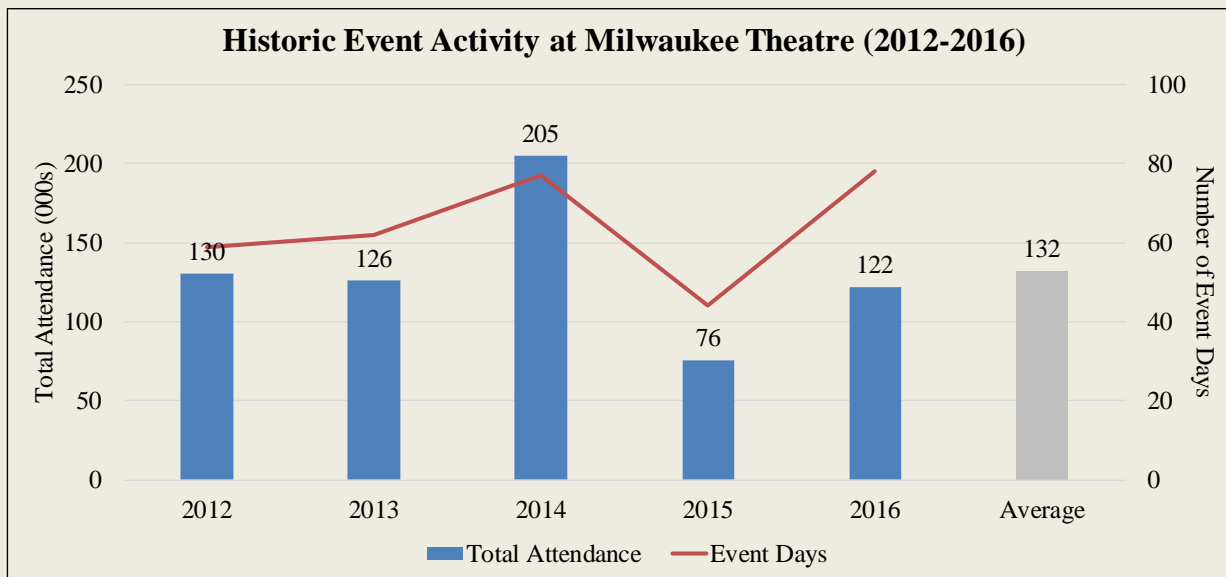
- Operating profit contribution averaged \$1.47 million per year
- Operating profit contribution has generally declined, reaching a low of \$1.16 million in 2016
- *Figures do not include general and administrative allocation*

FYE December	2012	2013	2014	2015	2016	Average	CAGR
Total Operating Income	\$2,672,469	\$2,442,191	\$2,492,850	\$2,292,416	\$2,181,797	\$2,416,344	-4.9%
Total Operating Expenses	\$973,911	\$934,778	\$909,262	\$886,638	\$1,021,043	\$945,126	1.2%
Operating Profit Contribution	\$1,698,558	\$1,507,413	\$1,583,588	\$1,405,778	\$1,160,753	\$1,471,218	-9.1%

I. EXECUTIVE SUMMARY

Milwaukee Theatre – Utilization

- The Milwaukee Theatre averaged 64 event days and 131,800 in total turnstile attendance during the profiled five-year period
- In 2014, the Milwaukee Theatre hosted Disney’s The Lion King which was primarily responsible for the significant increase in event days and attendance
- In 2016, the Milwaukee Theatre hosted the highest number of event days (78) during the five-year period
 - This increase is partially attributable to a shift in booking focus towards concerts with WCD creating a relationship with Venue Coalition (a booking advocate) and establishing relationships with local, regional, and national concert promoters and agents



I. EXECUTIVE SUMMARY

Milwaukee Theatre – Financial Performance (Before G&A Allocation)

- The Milwaukee Theatre averaged approximately \$729,300 in operating profit from 2012 to 2016
- Operating income increased by 76% in 2016
 - Attributable to large increases in box office revenue and labor service/show reimbursement revenues
 - The Milwaukee Theatre also realized \$180,000 in naming rights revenue in 2016
- Operating expenses decreased by 46% in 2015 and remained relatively consistent in 2016
- *Figures do not include general and administrative allocation*

FYE December	2012	2013	2014	2015	2016	Average	CAGR
Total Operating Income	\$1,418,220	\$1,507,214	\$1,600,218	\$1,043,065	\$1,830,979	\$1,479,939	6.6%
Total Operating Expenses	\$760,023	\$909,092	\$1,002,331	\$539,349	\$542,448	\$750,649	-8.1%
Operating Profit Contribution	\$658,197	\$598,122	\$597,888	\$503,716	\$1,288,532	\$729,291	18.3%

I. EXECUTIVE SUMMARY

Revenue and Expense Statements

Consolidated – Operating

(Before G&A Allocation)

- On a consolidated basis, the WCD averaged approximately \$3.7 million in operating profit from 2012 to 2016
- Operating income increased by 42% in 2016
 - 22% when excluding \$2 million contribution from Admirals

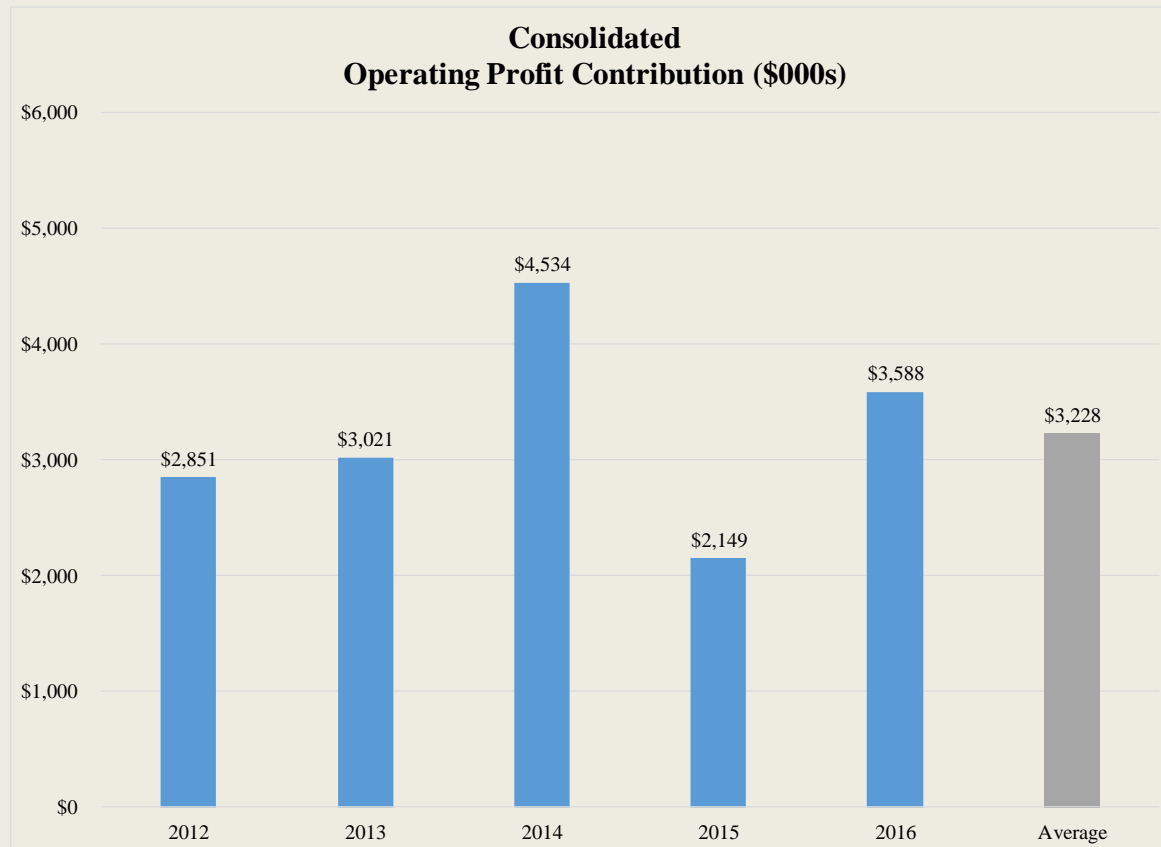
FYE December	2012	2013	2014	2015	2016	Average	CAGR
Total Operating Income	\$12,110,256	\$11,858,625	\$13,105,398	\$9,983,980	\$14,180,184	\$12,247,689	4.0%
Total Operating Expenses	\$9,259,708	\$8,837,809	\$8,571,872	\$7,835,187	\$8,592,377	\$8,619,391	-1.9%
Operating Revenues Over Expenses	\$2,850,548	\$3,020,816	\$4,533,526	\$2,148,793	\$5,587,807	\$3,628,298	18.3%

I. EXECUTIVE SUMMARY

Revenue and Expense Statements

Consolidated – Operating Profit Contribution (Before G&A Allocation)

- Operating profit contribution increased significantly in 2014 and 2016 – five year average of \$3.6 million – excludes \$2 million contribution from Admirals



I. EXECUTIVE SUMMARY

Revenue and Expense Statements Consolidated – Non-Operating

- Total Non-Operating Income has increased each year from 2012 to 2016
 - Average of approximately \$31.5 million

- Non-Operating Expenses have averaged approximately \$25.5 million from 2012 to 2016

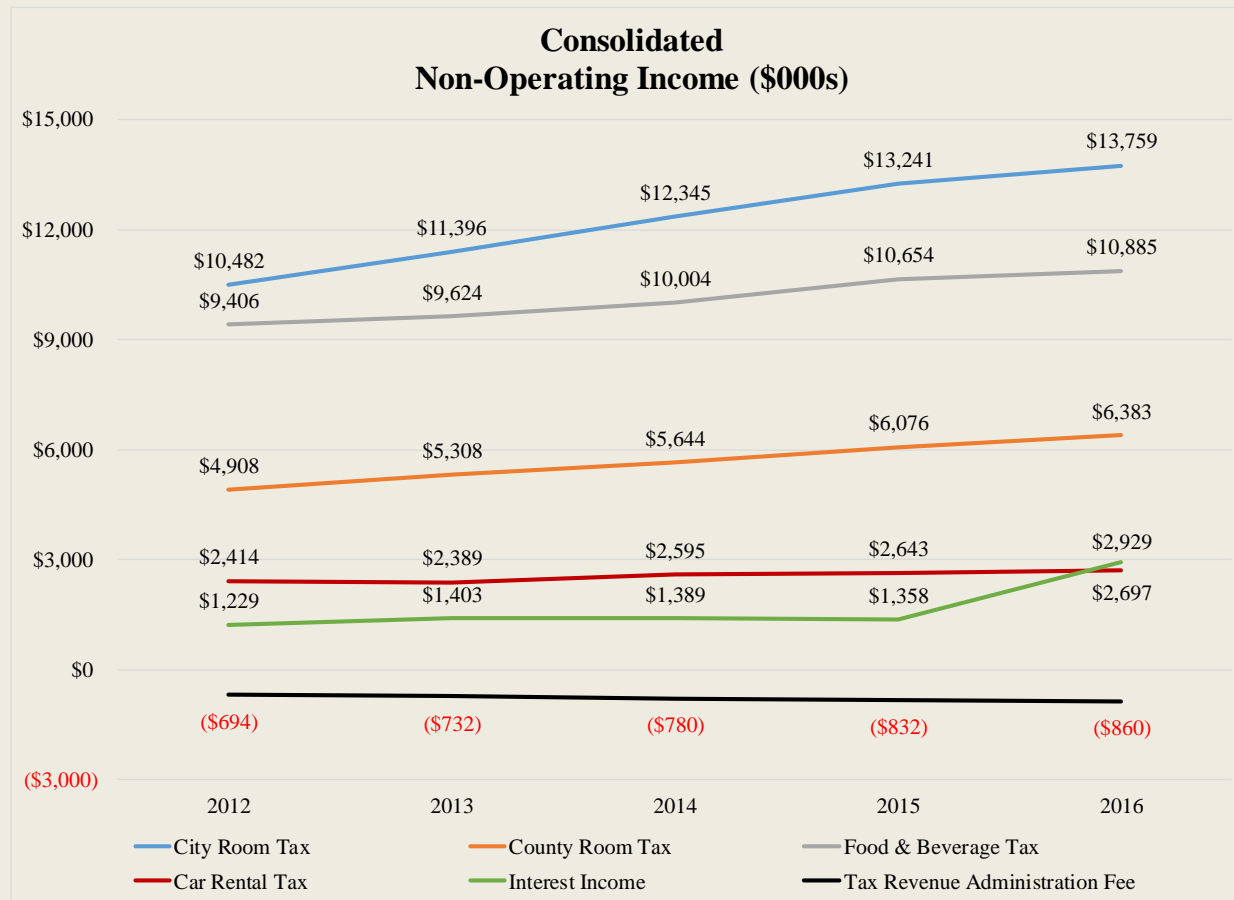
FYE December	2012	2013	2014	2015	2016	Average	CAGR
Operating Revenues Over Expenses	\$2,850,548	\$3,020,816	\$4,533,526	\$2,148,793	\$5,587,807	\$3,628,298	18.3%
Total Non-Operating Income	\$27,745,575	\$29,387,264	\$31,196,945	\$33,140,007	\$35,792,209	\$31,452,400	6.6%
Total Non-Operating Expenses	\$23,021,276	\$23,690,813	\$26,162,471	\$24,569,168	\$29,850,002	\$25,458,746	6.7%
Net Income (Loss) Before Non-Cash Items	\$7,574,847	\$8,717,267	\$9,568,000	\$10,719,632	\$11,530,013	\$9,621,952	11.1%
Total Noncash Expenses	\$7,834,564	\$7,985,480	\$8,052,988	\$9,197,903	\$12,538,373	\$9,121,862	12.5%
Net Income (Loss)	(\$259,717)	\$731,787	\$1,515,012	\$1,521,730	(\$1,008,360)	\$500,091	40.4%

I. EXECUTIVE SUMMARY

Revenue and Expense Statements

Consolidated – Non-Operating Income

- Non-operating income has generally increased over time – five year average of \$31.4 million

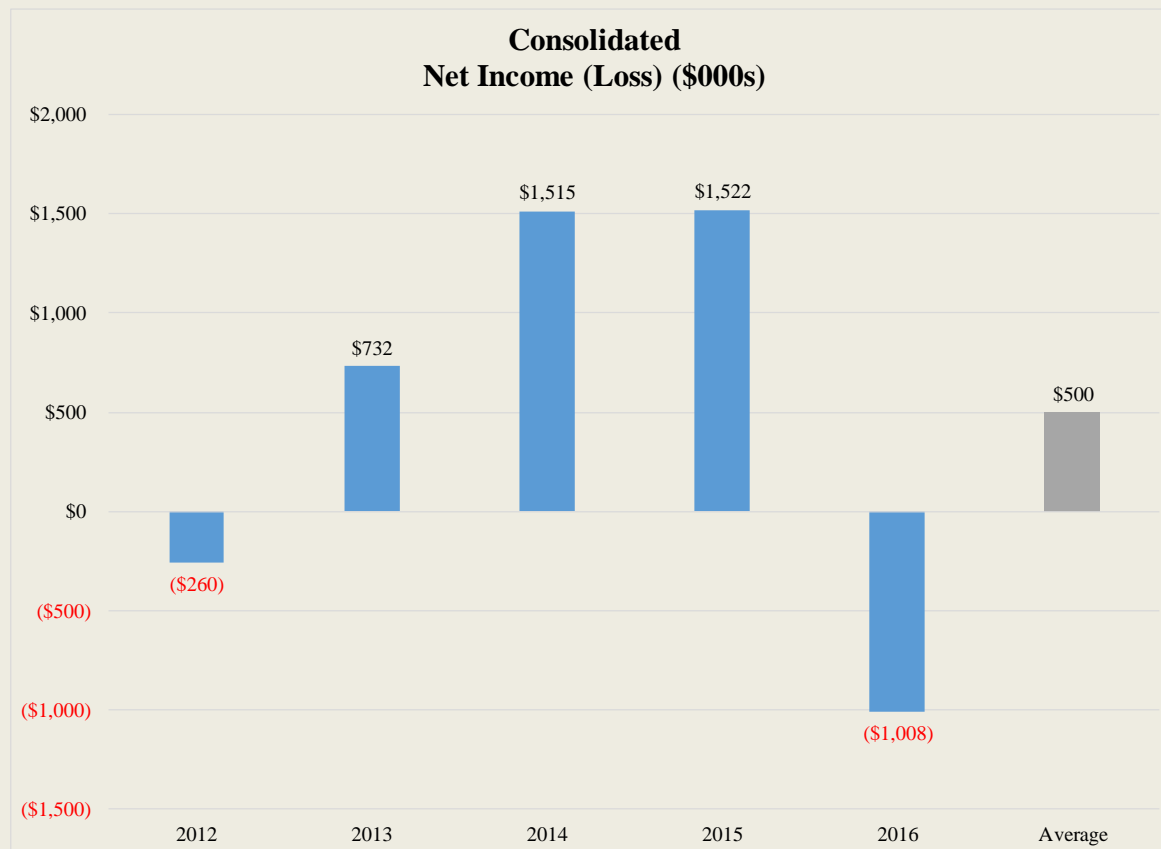


I. EXECUTIVE SUMMARY

Revenue and Expense Statements

Consolidated – Net Income (Loss)

- Net income (loss) has fluctuated over time – 2016 had the most significant loss of the last five years (due in part to increase in annual debt service resulting from new Bucks arena)



I. EXECUTIVE SUMMARY

Market Overview

- General market conditions are important to understand when evaluating the overall performance of any public assembly facility

- Factors such as demographics, the vibrancy of the area immediately surrounding a facility, and overall destination appeal to both event organizers and attendees can all impact a facility's overall competitiveness within the broader marketplace

- We have completed an overview of the Milwaukee market that includes the following
 - Overview of Milwaukee's demographic characteristics
 - Hotel and airport data
 - Competitive facilities
 - Demographic comparison of Milwaukee with similar sized markets
 - Demographic comparison of Milwaukee with comparable complexes
 - Comparable complex case studies
 - Local sports teams
 - Festivals/other events
 - Downtown development
 - General observations

I. EXECUTIVE SUMMARY

Benchmarking Overview

- The previous sections provided an overview of current operations at WCD facilities, as well as the competitive landscape, which served as the basis for our limited benchmarking analysis. This section profiles attributes of competitive and comparable facilities for benchmarking purposes.
- For purposes of this analysis, facilities used in the benchmarking analysis were chosen based several factors including, but not limited to: geographic location; market attributes; building program; type of event activity hosted; destination attributes offered; owner/management structure; as well as input from WCD management, VISIT Milwaukee and event promoters/producers/planners.
- Benchmarking is a key element to short and long-term strategic planning. While providing significant data, benchmarks still only serve as a guide. Other attributes such as specific facility/market factors and industry trends are also considered when developing our conclusions and recommendations.

I. EXECUTIVE SUMMARY

Benchmarking Overview (continued)

- Benchmarking operations at WCD facilities to other similar venues can be beneficial in terms of identifying various strengths, weaknesses, opportunities, and threats. The challenge to benchmarking is ensuring comparisons are accurate. Operating data was obtained and analyzed from the profiled sets based on data from facility management, industry resources, published reports and our internal database. The data shown in the report is based on available information for each of the profiled facilities. Individual facilities are not identified in the benchmarking analysis because some information was provided confidentially.

- The project team analyzed four peer sets including operations of the complex as a whole and each of the three individual facilities:
 - WCD Complex
 - Wisconsin Center
 - UW-Milwaukee Panther Arena
 - Milwaukee Theatre

- WCD does not currently allocate all revenues and expenses to each individual venue – we have evaluated alternative allocation methods for benchmarking purposes and elected to use the event based allocation method

I. EXECUTIVE SUMMARY

Benchmarking Analysis

Revenue and Expense Statement

Unallocated Revenue and Expenses

- Illustrated below is the calculation of 2016 Unallocated Operating Revenue and Expenses in the statements provided by WCD
- \$2.9 million in Operating Revenue and \$2.8 million in Operating Expense were unallocated
 - \$2.0 million of the Operating Revenue was a one-time contribution from the Milwaukee Admirals

Calculation of Unallocated Operating Revenues and Expenses FYE December 2016	Allocated by WCD				Calculation of Unallocated	
	Wisconsin Center	UWM Panther Arena	Milwaukee Theatre	Total	WCD Consolidated Statement	Unallocated Operating Revenues and Expenses
Total Operating Income	\$7,280,946	\$2,181,797	\$1,830,979	\$11,293,722	\$14,180,184	\$2,886,462
Total Operating Expenses	\$4,235,510	\$1,021,043	\$542,448	\$5,799,001	\$8,592,377	\$2,793,376
Operating Revenues Over Expenses	\$3,045,436	\$1,160,753	\$1,288,532	\$5,494,721	\$5,587,807	\$93,086

I. EXECUTIVE SUMMARY

Benchmarking Analysis

Revenue and Expense Statement

Adjusted Revenue and Expenses

- Operating Revenue and Expenses have been combined with Non-Operating Expenses to calculate adjusted figures for benchmarking purposes
- On a consolidated basis, the WCD had an Adjusted Net Loss of \$1.5 million in 2016
 - Excludes:
 - Admirals Contribution
 - Non-Operating Income
 - VISIT Milwaukee Management Fee
 - Bond Interest Expense
 - Noncash Expenses

Adjusted Revenue and Expenses for Benchmarking FYE December 2016	Wisconsin Center	UWM Panther Arena	Milwaukee Theatre	Consolidated
Total Adjusted Revenue - For Benchmarking	\$7,411,475	\$2,192,663	\$1,391,831	\$10,995,969
Total Adjusted Expenses - For Benchmarking	\$8,132,058	\$3,167,281	\$1,159,338	\$12,458,677
Adjusted Net Income - For Benchmarking	(\$720,583)	(\$974,618)	\$232,493	(\$1,462,708)

I. EXECUTIVE SUMMARY

Benchmarking Analysis

Revenue and Expense Statement

Adjusted Revenue and Expenses – Reconciliation to WCD Financials

- Below is a summary of adjustments made to WCD financials for benchmarking purposes

FYE December	2012	2013	2014	2015	2016	Average	CAGR
Total Operating Income	\$12,110,256	\$11,858,625	\$13,105,398	\$9,983,980	\$14,180,184	\$12,247,689	4.0%
Total Operating Expenses	\$9,259,708	\$8,837,809	\$8,571,872	\$7,835,187	\$8,592,377	\$8,619,391	-1.9%
Operating Revenues Over Expenses	\$2,850,548	\$3,020,816	\$4,533,526	\$2,148,793	\$5,587,807	\$3,628,298	18.3%
Total Non-Operating Income	\$27,745,575	\$29,387,264	\$31,196,945	\$33,140,007	\$35,792,209	\$31,452,400	6.6%
Total Non-Operating Expenses	\$23,021,276	\$23,690,813	\$26,162,471	\$24,569,168	\$29,850,002	\$25,458,746	6.7%
Net Income (Loss) Before Non-Cash Items	\$7,574,847	\$8,717,267	\$9,568,000	\$10,719,632	\$11,530,013	\$9,621,952	11.1%
Total Noncash Expenses	\$7,834,564	\$7,985,480	\$8,052,988	\$9,197,903	\$12,538,373	\$9,121,862	12.5%
Net Income (Loss)	(\$259,717)	\$731,787	\$1,515,012	\$1,521,730	(\$1,008,360)	\$500,091	40.4%
Adjustments							
Milwaukee Admirals Contribution	\$0	\$0	\$0	\$0	(\$2,000,000)	(\$400,000)	NA
Total Non-Operating Income	(\$27,745,575)	(\$29,387,264)	(\$31,196,945)	(\$33,140,007)	(\$35,792,209)	(\$31,452,400)	6.6%
Visit Milwaukee Management Fee	\$5,835,049	\$6,038,419	\$8,257,673	\$7,039,365	\$7,214,809	\$6,877,063	5.4%
Bond Interest Expense	\$12,549,422	\$13,226,445	\$13,039,249	\$12,729,423	\$17,584,679	\$13,825,844	8.8%
Total Noncash Expenses	\$7,834,564	\$7,985,480	\$8,052,988	\$9,197,903	\$12,538,373	\$9,121,862	12.5%
Adjusted Net Income (Loss)	(\$1,786,256)	(\$1,405,133)	(\$332,023)	(\$2,651,587)	(\$1,462,708)	(\$1,527,541)	-4.9%

Source: WCD.

I. EXECUTIVE SUMMARY

WCD Benchmarking

Comparable Complex Overview

- We have obtained operating and financial information for 11 of the 16 identified comparable complexes
- The convention center, arena, and theater (as applicable) characteristics of these 11 comparable complexes are illustrated on this slide

Comparable Complex	Operator	Convention Center		
		Name	Year Open/Renovated	Total Function SF
Bakersfield, CA	AEG	Rabobank Theater and Convention Center	1980	TBD
Baton Rouge, LA	SMG	Raising Cane's River Center	1977/2005	146,900
Charlotte, NC	Charlotte RVA	Charlotte Convention Center	1995	372,200
Des Moines, IA	Spectra	Hy-Vee Hall	2004/2010/2012	226,000
Duluth, GA	Gwinnett CVB Board	Infinite Energy Forum	1992/2003	85,400
Fort Worth, TX	City of Fort Worth	Fort Worth Convention Center	1968/1983/2003	340,200
Grand Rapids, MI	SMG	DeVos Place Convention Center	2004	236,100
Greensboro, NC	City of Greensboro	Greensboro Coliseum Complex Special Events Center	1970/2004	132,700
Omaha, NE	MECA	CenturyLink Center Omaha Convention Center	2003	258,300
Spokane, WA	Spokane PFD	Spokane Convention Center	1974/2006/2015	197,000
Tucson, AZ	SMG	Tucson Convention Center	1971	144,700

Comparable Complex	Operator	Arena				
		Name	Year Open/Renovated	Capacity	Suites	Club Seats
Bakersfield, CA	AEG	Rabobank Arena	1998	10,400	28	1,000
Baton Rouge, LA	SMG	Raising Cane's River Center Arena	1977	12,000	0	0
Charlotte, NC	Charlotte RVA	Bojangles' Coliseum	1955/2016	8,600	0	0
Des Moines, IA	Spectra	Wells Fargo Arena	2005	16,980	36	630
Duluth, GA	Gwinnett CVB Board	Infinite Energy Arena	2003	13,100	36	1,388
Fort Worth, TX	City of Fort Worth	Fort Worth Convention Center Arena	1968	13,500	0	0
Grand Rapids, MI	SMG	Van Andel Arena	1996	10,834	44	1,800
Greensboro, NC	City of Greensboro	Greensboro Coliseum	1959/2012	23,500	24	0
Omaha, NE	MECA	CenturyLink Center Omaha Arena	2003	18,320	32	1,000
Spokane, WA	Spokane PFD	Spokane Veterans Memorial Arena	1995	12,638	16	0
Tucson, AZ	SMG	Tucson Arena	1971/2015	7,440	0	0

Comparable Complex	Operator	Theater		
		Name	Year Open/Renovated	Capacity
Bakersfield, CA	AEG	Rabobank Theater	1962/1980	3,000
Baton Rouge, LA	SMG	Raising Cane's River Center Theatre for the Perf. Arts	1979	1,900
Charlotte, NC	Charlotte RVA	Oven's Auditorium	1955	2,460
Des Moines, IA	Spectra	NA	NA	NA
Duluth, GA	Gwinnett CVB Board	Infinite Energy Theater	1992	710
Fort Worth, TX	City of Fort Worth	Will Rogers Auditorium	1936/TBD	2,860
Grand Rapids, MI	SMG	DeVos Performance Hall	1980/2004	2,400
Greensboro, NC	City of Greensboro	Odeon Theatre	1958/2004	300
Omaha, NE	MECA	NA	NA	NA
Spokane, WA	Spokane PFD	INB Performing Arts Center	1974/2003	2,700
Tucson, AZ	SMG	Tucson Music Hall	1971	2,290

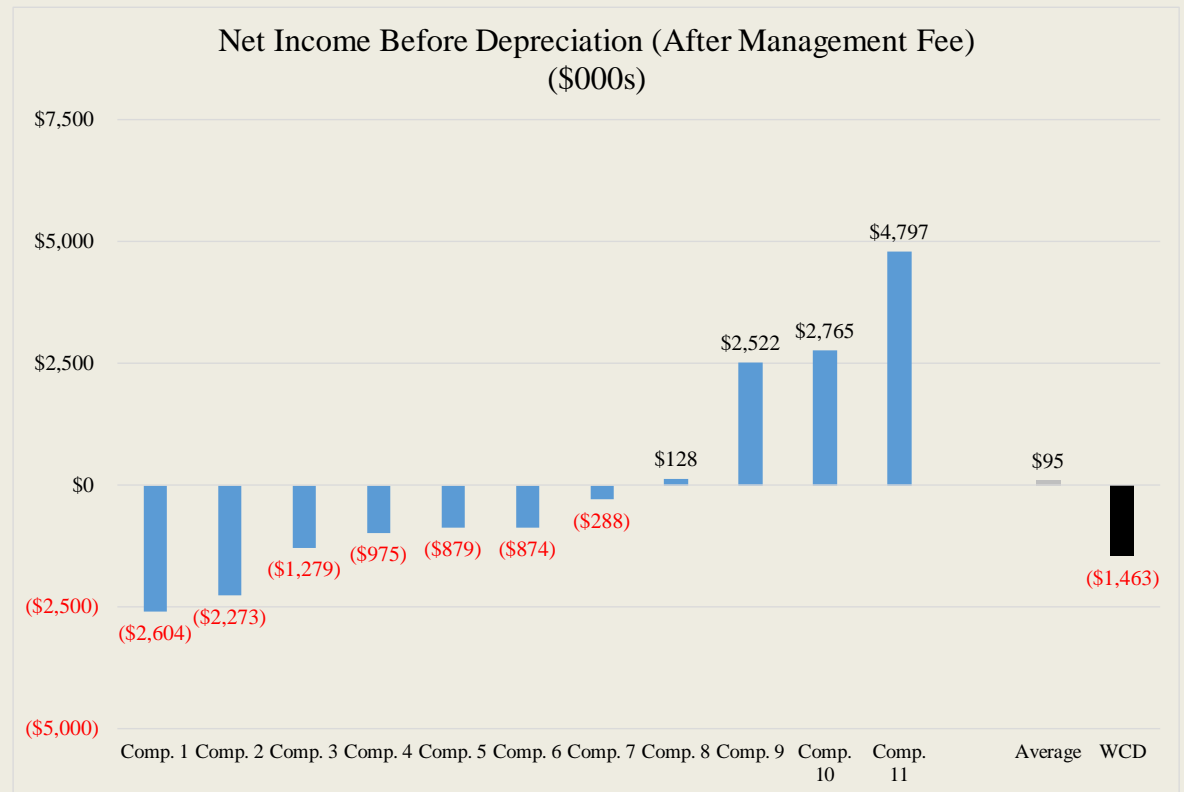
I. EXECUTIVE SUMMARY

WCD Benchmarking Net Operating Income

- For illustrative purposes, below is a summary of net operating income for comparable complexes.
- Facilities in other markets may realize higher (or lower) net operating income based on:

- Market demographics
- Physical characteristics
- Anchor tenants
- Entertainment alternatives
- Competitive facilities
- Other

- WCD is well below the comparable complex average



I. EXECUTIVE SUMMARY

Wisconsin Center Benchmarking Comparable Facility Overview

- Ten of the 14 profiled facilities (71%) are owned by a public entity and four (29%) are owned by an authority – none are privately owned
- Six of the profiled facilities are publicly operated, five are privately operated, and three are managed by an authority

Profiled Set - Owner/Operator		
Facility	Owner	Operator
America's Center Convention Complex	City of St. Louis	Explore St. Louis
CenturyLink Convention Center	City of Omaha	Metropolitan Entertainment & Convention Authority (MECA)
Charlotte Convention Center	City of Charlotte	Charlotte Regional Visitors Authority
David L. Lawrence Convention Center	Sports & Entertainment Authority of Pittsburgh and Allegheny County	SMG
DeVos Place Convention Center	Grand Rapids-Kent County Convention/Arena Authority	SMG
Duke Energy Convention Center	City of Cincinnati	Spectra
Greater Columbus Convention Center	Franklin County Convention Facilities Authority	SMG
Huntington Convention Center of Cleveland	Cuyahoga County	SMG
Indiana Convention Center	Capital Improvement Board of Managers of Marion County	Capital Improvement Board of Managers of Marion County
Kansas City Convention Center	City of Kansas City, Missouri	City of Kansas City, Missouri
Kentucky International Convention Center	Commonwealth of Kentucky	Kentucky Venues
Minneapolis Convention Center	City of Minneapolis	City of Minneapolis
Music City Center	Convention Center Authority	Convention Center Authority
Oregon Convention Center	Metro	Metropolitan Exposition Recreation Commission (MERC)
Wisconsin Center	Wisconsin Center District	Wisconsin Center District

Note: Sorted alphabetically by facility.

Sources: Individual facilities; secondary research.

I. EXECUTIVE SUMMARY

Wisconsin Center Benchmarking Building Program

- The table below summarizes key building program elements for profiled facilities

Profiled Set - Building Program Characteristics							
Facility	Exhibit Hall SF	Ballroom SF	Meeting Room SF	Total Function SF	Ratio of Ballroom/ Meeting SF to Exhibit SF	Divisible Meeting Rooms	Average SF/ Meeting Room
Indiana Convention Center ¹	566,600	62,200	113,300	742,100	31%	71	1,600
Minneapolis Convention Center	475,200	27,500	95,400	598,100	26%	87	1,100
Kansas City Convention Center	388,800	58,700	100,200	547,700	41%	42	2,390
Music City Center	353,100	75,400	82,100	510,600	45%	57	1,440
America's Center ²	340,000	27,600	131,900	499,500	47%	88	1,500
Greater Columbus Convention Center ³	338,400	89,500	58,100	486,000	44%	61	950
David L. Lawrence Convention Center	313,100	33,100	76,900	423,100	35%	53	1,450
Charlotte Convention Center	280,000	35,000	57,200	372,200	33%	46	1,240
Oregon Convention Center	255,000	59,400	52,300	366,700	44%	50	1,050
Huntington Convention Center of Cleveland	225,000	43,200	52,600	320,800	43%	34	1,550
Kentucky International Convention Center ⁴	200,100	40,000	62,500	302,600	51%	50	1,250
Duke Energy Convention Center	195,300	57,300	44,300	296,900	52%	30	1,480
Wisconsin Center	188,700	37,500	39,600	265,800	41%	28	1,410
CenturyLink Convention Center	194,300	41,900	22,100	258,300	33%	12	1,840
DeVos Place Convention Center	162,000	40,000	34,100	236,100	46%	26	1,310
Average (Excluding Wisconsin Center)	306,200	49,300	70,200	425,800	39%	51	1,380
Median (Excluding Wisconsin Center)	296,550	42,550	60,300	397,650	44%	50	1,445

Notes: Sorted in descending order by total function SF.

Prefunction, concourse, lobby and theater/auditorium spaces are excluded from all centers.

Event space square footage is rounded to the nearest hundred.

¹ Excludes Lucas Oil Stadium.

² Excludes The Dome at America's Center.

³ Facility is currently undergoing renovation/enhancements, amounts reflect current offerings.

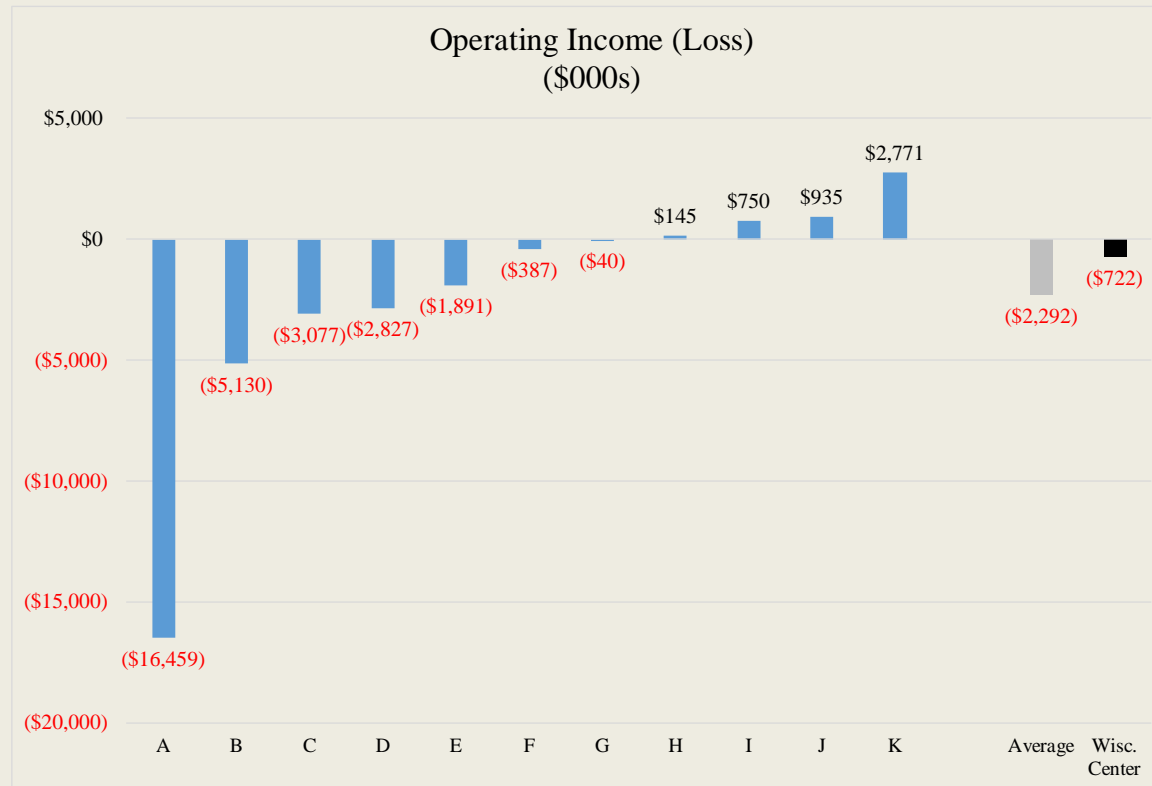
⁴ Facility is currently undergoing renovation/enhancements, amounts reflects post construction offerings - Building is scheduled to re-open in August 2018.

Sources: Individual facilities; secondary research.

I. EXECUTIVE SUMMARY

Wisconsin Center Benchmarking Financial Performance

- Operating revenues at the Wisconsin Center were 39% less than the average for the profiled facilities – offset by the fact that operating expenses were 44% lower than the average for the profiled facilities
- The Wisconsin Center’s operating loss was significantly less than the average for the profiled set



I. EXECUTIVE SUMMARY

UW-Milwaukee Panther Arena Benchmarking Comparable Facility Overview

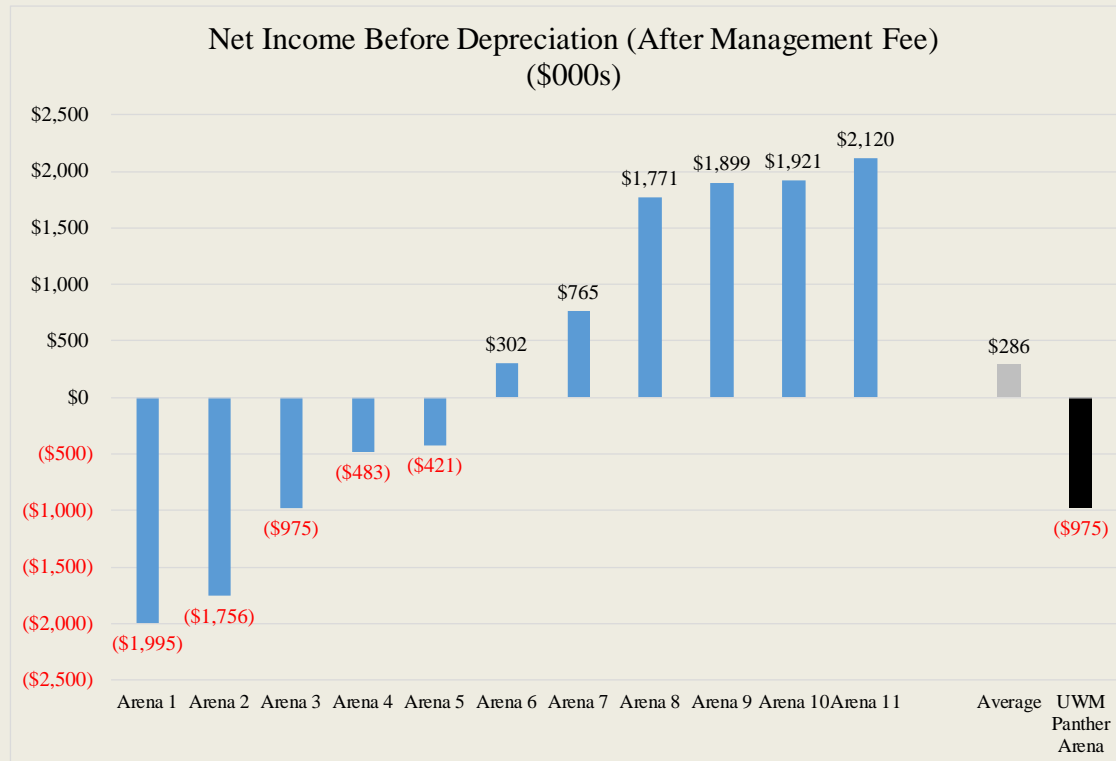
- Below are the six arenas we have benchmarked from our comparable complexes, and six additional comparable arenas for benchmarking purposes
- We have included certain facilities which may include the operations of other complementary buildings

Arena	Location	Operator	Year Open/Renovated	Capacity	Suites	Club Seats
Bojangles' Coliseum	Charlotte, NC	Charlotte RVA	1955/2016	8,600	0	0
CenturyLink Center Omaha Arena	Omaha, NE	MECA	2003	18,320	32	1,000
Infinite Energy Arena	Duluth, GA	AEG	2003	13,100	36	1,388
Spokane Veterans Memorial Arena	Spokane, WA	Spokane PFD	1995	12,638	16	0
Van Andel Arena	Grand Rapids, MI	SMG	1996	10,834	44	1,800
Wells Fargo Arena	Des Moines, IA	Spectra	2005	16,980	36	630
Budweiser Events Center	Loveland, CO	Spectra	2003	7,200	24	777
Denny Sanford PREMIER Center	Sioux Falls, SD	SMG	2014	12,000	22	500
Donald L. Tucker Civic Center	Tallahassee, FL	Spectra	1981/1998/2014	12,100	34	468
MassMutual Center	Springfield, MA	Spectra	1972/2005	7,485	2	222
Stockton Arena	Stockton, CA	SMG	2005	10,000	24	344
Xfinity Arena at Everett	Everett, WA	Spectra	2003	10,000	21	859

I. EXECUTIVE SUMMARY

UW-Milwaukee Panther Arena Benchmarking Net Operating Income

- Operating revenues at the arena were 54% less than the average for the profiled facilities – operating expenses were 29% lower than the average for the profiled facilities
- UW-Milwaukee Panther Arena operates at a substantial loss, while the profiled set averages a positive net income



I. EXECUTIVE SUMMARY

Milwaukee Theatre Benchmarking Comparable Facility Overview

- The profiled set of comparable facilities include six publicly-owned venues, four venues owned by an authority/district, and one owned by a not-for-profit group
- Six of the profiled facilities are managed by private management groups, two are publicly managed, two are managed by an authority/district, and one is managed by not-for-profit performing arts organization
- The average capacity of the main theater within the profiled set is 2,680 – the Milwaukee Theatre is larger than most of the profiled facilities

Profiled Set - Owner/Operator and Capacity				
Facility	Location	Owner	Operator	Main Theater/ Auditorium Capacity
James L. Knight Center	Miami, FL	City of Miami	SMG	4,570
Rosemont Theatre	Rosemont, IL	Village of Rosemont	Village of Rosemont	4,200
Milwaukee Theatre	Milwaukee, WI	Wisconsin Center District	Wisconsin Center District	4,087
Lowell Memorial Auditorium	Lowell, MA	City of Lowell	Spectra	2,800
Cobb Energy Performing Arts Centre	Atlanta, GA	Cobb-Marietta Coliseum and Exhibit Hall Authority	Cobb-Marietta Coliseum and Exhibit Hall Authority	2,750
INB Performing Arts Center	Spokane, WA	Spokane Public Facilities District	Spokane Public Facilities District	2,700
Ovens Auditorium	Charlotte, NC	City of Charlotte	Charlotte Regional Visitors Authority	2,460
DeVos Performance Hall	Grand Rapids, MI	Grand Rapids-Kent County Convention/Arena Authority	SMG	2,400
Hippodrome Theatre	Baltimore, MD	Maryland Stadium Authority	Broadway Across America	2,280
Fox Cities Performing Arts Center	Appleton, WI	Fox Cities Performing Arts Center Inc	Fox Cities Performing Arts Center Inc	2,100
Raising Cane's River Center Theatre for the Performing Arts	Baton Rouge, LA	City of Baton Rouge	SMG	1,900
Sandler Center for the Performing Arts	Virginia Beach, VA	City of Virginia Beach	Spectra	1,300

Note: Sorted in descending order by main theater/auditorium capacity.

Sources: Individual facilities; secondary research.

I. EXECUTIVE SUMMARY

Milwaukee Theatre Benchmarking Financial Operations

- In 2016, the Milwaukee Theatre's revenue of approximately \$1.4 million was 58% less than the average (\$3.3 million) and 47% less than the median (\$2.6 million) of the profiled set
- The Milwaukee Theatre's expenses (\$1.2 million) were 63% less than the average (\$3.1 million) and 50% less than the median (\$2.3 million) for the profiled set in 2016
- The Milwaukee Theatre's operating profit (\$233,000) was higher than both the average (\$154,000) and the median (\$140,500) for the profiled set

Profiled Set - Financials			
Facility	Revenue	Expenses	Net Profit/(Loss)
A	\$5,905,000	\$4,188,000	\$1,717,000
B	\$1,430,000	\$854,000	\$576,000
C	\$2,849,000	\$2,360,000	\$489,000
Milwaukee Theatre - 2016	\$1,392,000	\$1,159,000	\$233,000
D	\$7,924,000	\$7,725,000	\$199,000
E	\$2,358,000	\$2,276,000	\$82,000
F	\$786,000	\$972,000	(\$186,000)
G	\$4,222,000	\$4,939,000	(\$717,000)
H	\$776,000	\$1,702,000	(\$926,000)
Average (Excluding Milwaukee Theatre)	\$3,281,000	\$3,127,000	\$154,000
Median (Excluding Milwaukee Theatre)	\$2,603,500	\$2,318,000	\$140,500

Note: Sorted in descending order by net profit/(loss).

Sources: Management at individual facilities; secondary research.

I. EXECUTIVE SUMMARY

DMO Overview

- Convention/meeting planners have a variety of facilities and destinations to choose from when deciding where to host their event. Attendees have diverse options where they can spend their discretionary income. Given the competitiveness in the industry, Destination Marketing Organizations (DMOs) and convention centers need to operate in a manner that is consistent with best practices, which includes the ability to quickly react to changes in industry trends.

- The operating structure is important because it typically impacts all aspects of the organization's operations and performance. Typically, one specific entity plays a significant role in oversight, establishing and administering policy and maintaining, accountability in order for it to be effective. Objectives of governance generally include the following:
 - Providing a stable structure for operations insulating it from political influence and involvement
 - Providing an independent entity that focuses on operating the organization in a proper, efficient, economical and business-like manner
 - Establishing polices that are consistent with industry standards to maximize a destination's competitive position, particularly with regard to convention/meeting sales
 - Ensuring that the organization is serving the public needs while being fiscally responsible
 - Providing strategic business planning that is measurable and periodically evaluated for performance

I. EXECUTIVE SUMMARY

DMO Operating Structures

- DMO structure can impact its ability to operate efficiently and effectively in a competitive marketplace

- Examples of DMO structures include, but are not limited to, the following:
 - Non-Profit
 - Government Agency
 - Authority
 - Other

I. EXECUTIVE SUMMARY

DMO Operating Structures

- Depending on the operating structure, there can be potential conflicts between balancing the event mix with activity that generates overnight visitors vs. events that positively impact the facility's bottom line – in many instances, these are competing operating objectives
 - For example, DMOs use the convention center as a tool to sell room nights which is directly related to hotel occupancy tax revenues, typically their primary funding source. As such, DMOs may offer financial concessions such as discounted rental rates at the convention center in order to book the business and generate hotel room nights and associated tax revenues.
 - Conversely, convention center management is commonly charged with maximizing financial performance which may limit its desire and flexibility to discount rental rates to respond to competitive realities
 - This challenge can be mitigated by clearly reflecting the operating objectives and expectations of the management team relative to facility performance

I. EXECUTIVE SUMMARY

Facility Operating Structures

- As with DMOs, the ownership/operating structure of a facility can impact its ability to operate efficiently and effectively in a competitive marketplace

- Examples of existing management options at public assembly facilities include, but are not limited to, the following:
 - Operating through a traditional governmental management structure
 - Operating as an independent public authority
 - Contracting with a destination marketing organization
 - Contracting with a third party that specializes in managing similar facilities

I. EXECUTIVE SUMMARY

DMO Observations

- There are several approaches to the relationship/structure between public assembly facilities, particularly convention centers and DMOs
 - Facility and DMO are separate entities that work together
 - Sales function is combined for the facility and DMO, but entities remain independent
 - One entity oversees both facility and DMO operations/functions

- Although their operating objectives may be diverse (e.g., profitability versus room night generation), the two organizations share similar functions such as administration/human resources, finance/accounting, sales, and marketing of their product

- Transition of functions to a new/blended organization typically requires a cultural change by all parties
 - Change in governance
 - A strong chairperson who advocates organizational change and is effective in conveying benefits to the broader community
 - Restructuring of the senior leadership team
 - Vision/mission statement/operating objectives
 - Strategic plan for a single organization with performance measures
 - Organizational change – retaining/hiring qualified, experienced resources who support the vision and can successfully perform all required functions
 - Consistent, transparent reporting of results
 - Realistic timeline for execution

I. EXECUTIVE SUMMARY

SWOT – General Observations

- We have considered trends in the industry (generally) and at the WCD (specifically) in the following SWOT analysis
- The convention, arena, and theater industries appear to have rebounded from the macro economic conditions of most recent recession
- Special sales taxes on hotel rooms, prepared food and drinks sold in restaurants and taverns, and car rentals primarily fund debt service, capital projects, VISIT Milwaukee, and certain unrestricted funds are utilized for WCD operations
- WCD is governed by a Board of Directors – Act 60 legislation will modify the composition of the Board after the construction of the new Bucks arena is completed
- WCD is considered generally well managed – potential areas of improvement discussed herein
- WCD facilities are well-maintained, but appear somewhat “tired” in their general appearances – a competitive disadvantage in a highly competitive industry
- WCD facilities are generally underutilized
 - Arena utilization expected to improve with addition of Admirals as an anchor tenant

I. EXECUTIVE SUMMARY

SWOT – General Observations (continued)

- Most common reasons for Wisconsin Center lost business (excluding no reason known and database maintenance) were date conflicts, moved dates, site competition, and high expenses according to WCD surveys
 - VISIT Milwaukee identified WCD as not being adequate for groups needs as the number one reason for lost business, followed by date availability, hotel rates, and hotel product
 - Prior convention center expansion study cited insufficient hotel rooms, lack of air access, poor local transportation, and an overall lack of destination appeal as issues

- UW-Milwaukee Panther Arena net concessions revenue is lower than comparable arenas
 - Building age, concourse width, lack of kitchen facilities (kitchen recently added) and tenant mix
 - Presence of Admirals and new Levy general manager focus on sales expected to increase revenue

- UW-Milwaukee Panther Arena net advertising revenue is lower than comparable arenas
 - Partially caused by lack of dedicated staff – area of focus

I. EXECUTIVE SUMMARY

SWOT – General Observations (continued)

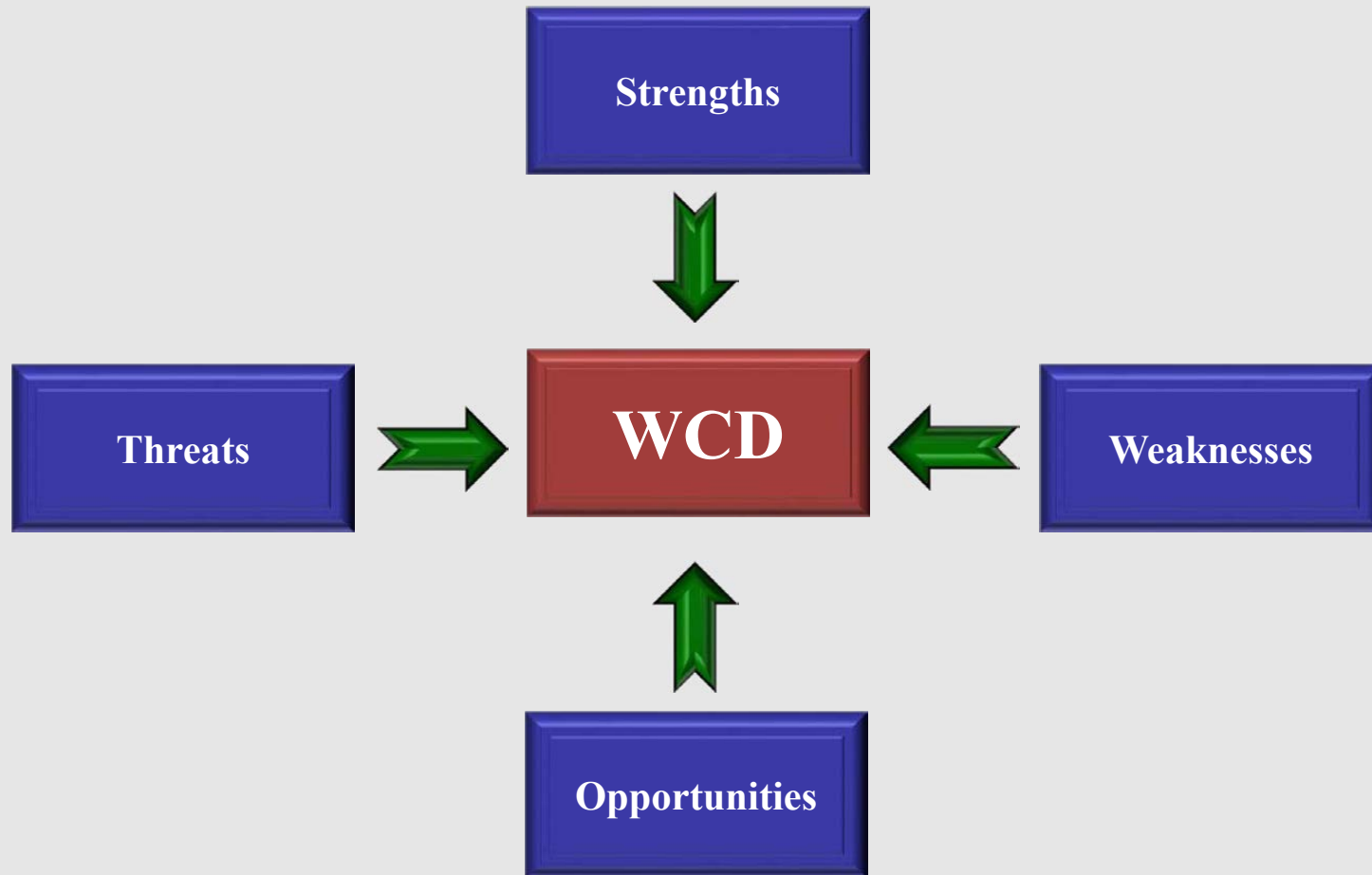
- WCD faces significant competition in the Milwaukee locally and regionally
 - Convention/exhibit space
 - Theaters
 - Arenas
 - Live music facilities

- Recent renovation at Arena and addition of anchor tenant (Admirals) could have impact on Arena financials – first full year not complete

- Significant investment in downtown Milwaukee (public and private) could improve destination appeal

- Significant capital repair/replacement needs as facilities age – critical to identify a funding source

I. EXECUTIVE SUMMARY



I. EXECUTIVE SUMMARY

Strengths

- Well-maintained, clean facilities
 - No deferred maintenance
- Engaged, dedicated WCD full-time staff – extensive institutional knowledge
 - Positive customer service surveys from Wisconsin Center users
- Facilities are a significant economic generator to the local and State economies
- Composition of the WCD Board in terms of diverse representation
- Established leisure/hospitality service industry in the Milwaukee market
- Location in downtown Milwaukee
- Wisconsin Center is connected to several hotels via skywalk

I. EXECUTIVE SUMMARY

Strengths (continued)

- Being part of a larger complex increases marketability for certain events
 - UW-Milwaukee Panther Arena and Milwaukee Theatre serve as compatible venues for certain events (e.g., Skate America)
 - Milwaukee Theatre serves as compatible venue to Wisconsin Center for convention-related general assembly activities
- Existing base of business at the facilities and solid levels of repeat business at the Wisconsin Center and UW-Milwaukee Panther Arena
- Ratio of ballroom/meeting space to exhibit space is comparable to profiled peer set
- Strong corporate base relative to markets of comparable size and low unemployment rate across the State of Wisconsin
- Several anchor tenants maintain activity in UW-Milwaukee Panther Arena throughout fall, winter, and spring
- Recent arena renovations have received positive reviews

I. EXECUTIVE SUMMARY

Strengths (continued)

- UW-Milwaukee Panther Arena is the only mid-sized, multi-purpose sports and entertainment arena in the market
- Theatre performance space allows for larger scale events (e.g., Lion King touring Broadway show)
 - Capacity allows upside potential for promoters
- Combined lobby and theatre space allows for corporate events that need both spaces without shifting venues

I. EXECUTIVE SUMMARY

Weaknesses

- Amount of exhibit space and total function space at the Wisconsin Center relative to its direct competitors
 - Limits the size of events that can be held
 - Makes it challenging to efficiently host multiple events simultaneously
- Low exhibit hall occupancy levels at the Wisconsin Center relative to industry standards
 - Impacted by the relatively limited number of consumer shows held at the facility which can be a driver of occupancy (Fairgrounds)
- Exhibit space location on third level not optimal
- Hotel supply within close proximity
 - Small size of hotels requires a larger number of properties to assemble a room block
- Overall destination appeal (particularly during winter months)

I. EXECUTIVE SUMMARY

Weaknesses (continued)

- Lack of connectivity to other destination amenities (e.g., restaurants, retail, etc.)
- Lack of connectivity between Wisconsin Center and UW-Milwaukee Panther Arena/Milwaukee Theatre
- Airport, specifically the number of direct flights
- Emphasis on yield management and maximizing rental fees and associated ancillary revenues due to financial operating model can be a deterrent to user groups and limit potential events at Wisconsin Center
- Wisconsin Center first quarter bookings dominated by sports tournament programming
 - Typically not high-yield events for hotels
- Generally dated aesthetics and patron amenities at the Wisconsin Center

I. EXECUTIVE SUMMARY

Weaknesses (continued)

- Marketing and sales coordination with VISIT Milwaukee
- VISIT Milwaukee and WCD operating/financial models determine organizational success utilizing different metrics resulting in inconsistencies and a lack of alignment in marketing/sales efforts
- Lack of premium seating inventory limits revenue generating potential in UW-Milwaukee Panther Arena (addition of U.S. Bank Club and Ice Box for Admirals games recently added)
- Low arena net concessions and advertising revenue relative to comparable facilities
- Limited points of sale for arena concessions create long lines even during small events
- Arena circulation limited by long concessions lines and narrow concourses
- Backstage area at the arena is not up to modern standards
- Lack of recognition for the arena and theatre in the music industry at the national level

I. EXECUTIVE SUMMARY

Weaknesses (continued)

- Limited box office technology can cause delays and frustration for consumers and events
- Theatre capacity for touring concerts is not optimal for meeting demand of touring shows
 - Too large for smaller drawing artists and too small for major artists
- Lack of high quality, in-house sound and lighting system in Milwaukee Theatre
 - Results in higher costs for shows that do not carry their own sound and light production
- No anchor tenant to provide consistent programming in the Theatre to leverage additional revenue streams (e.g., advertising, ticketing rebates, food and beverage, facility fees, etc.)
- Conversely, UW-Milwaukee Panther Arena has multiple team tenants that consume the majority of prime dates which results in limited date availability for the booking of one-time concert and special events or family shows which can be profitable events
- Limited industry relationships to cultivate event procurement at Milwaukee Theatre and UW-Milwaukee Panther Arena

I. EXECUTIVE SUMMARY

Weaknesses (continued)

- Usher, ticket taking, and food and beverage staff part time at all WCD facilities appear to be efficient, but not consistent or well-trained in guest-focused service that emphasizes a welcoming, friendly, and energized environment
- Overall marketing efforts could be improved
 - Need to be more progressive and evolve with changing industry trends
 - Although this could be enhanced with recent part-time position added, consideration should be given to increasing marketing staff (see Strategic Recommendations section)
- External communication and coordination with key stakeholders could be improved
- Number of controlled parking spaces for revenue generating purposes
- Lack of formal WCD marketing plan

I. EXECUTIVE SUMMARY

Opportunities

- Investment in downtown entertainment district with new Bucks arena and Entertainment Project creating vibrancy within walkable distance of WCD facilities and hotels and enhancing overall destination appeal
- Infrastructure investment with Milwaukee Streetcar route, Bus Rapid Transit line, and transit Pavilion immediately adjacent to the Wisconsin Center
- Development of 4th and Wisconsin Avenue parcel creating more hotel supply and vibrancy to immediate vicinity of WCD facilities
- Overall value – Milwaukee is among the less expensive destinations when compared to the profiled set of convention center destinations
- New Bucks arena could stimulate concert/event market in Milwaukee – market will be on the minds of promoters/agents
 - Opportunity to enter into strategic relationship with Bucks for booking

I. EXECUTIVE SUMMARY

Opportunities (continued)

- Renewed efforts to stimulate concert activity through relationship with Venue Coalition and concentrated efforts with agents and promoters at UW-Milwaukee Panther Arena and Milwaukee Theatre
 - Booking policies/approach at Milwaukee Theatre resulting from change in management allowed staff to pursue broader range of events

- Addition of South Goal Tap Room to the arena presents an opportunity to create a vibrant environment in between hockey periods
 - Direction to Tap Room is currently limited – limited signage to ramp/stairway
 - Video advertisement during Admirals game increased traffic

- Lost business reports suggests more groups interested in meeting at Wisconsin Center with an improved physical product and convention quality hotel supply

I. EXECUTIVE SUMMARY

Threats

- Competitive/comparable convention centers regularly negotiate rental fees
 - WCD's financial operating model focusing on yield management limits flexibility
- Lack of available hotel rooms, particularly during summer months
- Competitive supply of convention centers regionally and nationally
 - Competitiveness of the convention/tradeshows and meeting industries predicted to continue to place financial pressure on facilities
- Competitive convention centers continue to improve their physical product and destination attributes
- Fairgrounds is able to accommodate larger consumer shows and tradeshows than the Wisconsin Center
- Limited available arena dates during tenant seasons
- New Bucks arena and ability to modify capacity into smaller configurations could negatively impact UW-Milwaukee Panther Arena ability to attract events

I. EXECUTIVE SUMMARY

Threats (continued)

- Competitive theater landscape
 - Local and regional theaters with varying and more targeted capacities to better meet demand
 - Local and regional/national promoters that own their own theaters (e.g., Pabst Theater Group and Madison Square Garden/Chicago Theatre)
- Local theaters have production equipment in-house while the Milwaukee Theatre does not, creating a competitive advantage (e.g., Marcus Center)
- Radius clauses for artists may cause them to be contractually prohibited from playing competitive venues within a certain mileage radius within a certain time frame particularly with festivals (e.g., Summerfest, Eaux Claires, multiple Chicago festivals)
- Consolidation of the live music industry
- Concert activity is cyclical and dependent on type and number of acts that tour in any given year
- Volatility of general economic conditions

I. EXECUTIVE SUMMARY

Strategic Recommendations

Overview

- The strategic recommendations in this section have been summarized into the following categories
 - VISIT Milwaukee/WCD Coordination
 - Food and Beverage
 - Advertising/Sponsorships
 - Staffing
 - Financial Reporting
 - Utilization
 - Convention Center Expansion
 - Other

I. EXECUTIVE SUMMARY

Strategic Recommendations

VISIT Milwaukee/WCD Coordination

Observations

- WCD and VISIT Milwaukee have high level goals that do not always align and lead to the same short term objectives
 - Maintaining facility bottom line (WCD) vs. generating hotel nights (VISIT Milwaukee)
- The WCD and VISIT Milwaukee conduct a significant amount of research and produce valuable reports regarding the visitor industry as a whole and their own organizational performance measurements
 - The reports produced by each organization do not always align

Recommendations

- Create joint sales and marketing advisory board for WCD/VISIT Milwaukee to align goals
 - WCD and VISIT Milwaukee to be represented by:
 - Three board members each with experience in convention/hospitality/food and beverage
 - President/CEO from each organization
 - Senior marketing/sales staff (limited) from each organization
 - Conduct monthly (or quarterly) meetings
 - Consider developing compensation/bonus structure for sales staff at both entities to reward them for booked room nights and profitable events

I. EXECUTIVE SUMMARY

Strategic Recommendations

VISIT Milwaukee/WCD Coordination

Recommendations (continued)

- Jointly develop and adopt a comprehensive strategic plan and marketing strategy
 - WCD management should develop a formal marketing plan and corresponding budget for the complex as a whole, as well as for each facility that is consistent with joint plan
 - Enhance strategic social media presence

- Develop consistent reporting methods between organizations
 - Lost business reports
 - Future bookings/definite room nights
 - Others

- Carefully evaluate WCD yield requirements (currently high) and develop an agreed upon formula to evaluate events on an event-by event basis – to be guided by mission statement, booking policies, and certain eligibility requirements (e.g., event types, seasonality, minimum food/beverage, or other revenue requirements)

I. EXECUTIVE SUMMARY

Strategic Recommendations

VISIT Milwaukee/WCD Coordination

Recommendations (continued)

- Explore relocating VISIT Milwaukee staff to space within WCD facilities – potential lease/other savings estimated at \$500,000+
 - Potential savings could be utilized as follows:
 - \$100,000 rent to WCD (to offset lost revenue from Wave)
 - \$200,000 supplement to opportunity fund
 - Subsidize/reduce rent at Wisconsin Center for events that may not meet WCD yield requirements
 - \$200,000 capital budget reserve fund
- Consider broader relationship/operating structure over time based on results of recommendations above (e.g., finance, accounting, human resources, information technology, etc.)

I. EXECUTIVE SUMMARY

Strategic Recommendations

Food and Beverage

Observations

- Net concessions income at UW-Milwaukee Panther Arena is well below the comparable arena average
 - Partially caused by arena age, historical tenant mix, concourse width, tenant mix, etc.
 - Expected to increase in 2017 with full year of Admirals

- Net concessions percentage fluctuates significantly and appears to be below industry average relative to comparable facilities

- Concessionaire contract does not incentivize cost control/WCD net income

- Customer survey feedback scores for concessions at the Wisconsin Center have declined in recent years

- Food quality was an issue historically
 - Improvements have been made in this area with addition of new kitchen and new Levy general manager

I. EXECUTIVE SUMMARY

Strategic Recommendations

Food and Beverage

Recommendations

- Carefully observe operating and financial performance for 2017 to observe results with new general manager and addition of Admirals

- If operating and financial performance does not materially improve in 2017, consider retaining outside public assembly facility concession specialist to review contract/operations and provide recommendations to maximize revenues and improve customer experience

- Consider alternative contract structures when contract expires that incentivize concessionaire to control expenses and maximize margin
 - Ensure concessionaire compensation reflects market conditions – currently above market given structure and risk profile
 - Contract renewed in April 2015 and expires in June 2018

I. EXECUTIVE SUMMARY

Strategic Recommendations

Food and Beverage

Recommendations (continued)

- Receive and review full food and beverage reports monthly showing:
 - Profit and loss statements – total and by individual event
 - Sales broken down by concessions and catering for each event with attendance and per cap for ticketed events
 - Comparison of actual monthly and year-to-date results to budgeted amounts with an explanation of deviations

I. EXECUTIVE SUMMARY

Strategic Recommendations

Advertising/Sponsorships

Observations

- Advertising/sponsorship revenue are generally below that of comparable facilities, particularly at UW-Milwaukee Panther Arena
- Limited staffing dedicated to this area combined with staffing turnover has resulted in significant declines in advertising/sponsorship revenue
 - WCD is aware of need to address and improve in this area

Recommendations

- Increase advertising/sponsorship sales staff with industry specific experience and relationships to increase advertising revenues at WCD facilities, particularly at UW-Milwaukee Panther Arena and/or consider alternative approaches
 - Consider retaining third party sports marketing firm to sell inventory at WCD facilities
 - Consider entering into strategic partnership with Bucks selling combined advertising packages for new arena, real estate development, and WCD facilities, with minimum guarantee and revenue share to WCD for WCD assets
- Consider independent valuation of WCD assets and inventory (existing and potential) by sports marketing firm (WCD recently retained local firm to conduct similar study)

I. EXECUTIVE SUMMARY

Strategic Recommendations

Staffing

Observations

- WCD operates with limited staff relative to peer set
- Staff members may be somewhat overextended as result of having to serve multiple functions – may detract from focus on new industry trends
 - Focus often on completing tasks rather than innovation
- Significant amount of institutional knowledge given longevity of many staff members
 - Received feedback from several stakeholders that longevity of staff can foster a culture of “business as usual” and “that’s the way we have always done things”
- Full-time staff does a good job with customer service, hosting events, and other key operational areas
- Inconsistency in quality of guest interaction from part time staff

I. EXECUTIVE SUMMARY

Strategic Recommendations

Staffing

Recommendations

- Increase staffing levels with experienced personnel with strong relationships in the industry
 - Sales/marketing
 - Research analyst
 - Concerts/entertainment acts
 - Sports tenant relationships and event bids
 - Coordinate with VISIT Milwaukee Sports and Entertainment Manager
- Staff should be reflective of the makeup of the community, focused on innovation, and entrepreneurial
- A strategy, schedule, and corresponding budget should be developed for staff to have regular access to industry professional development and continuing education training programs
- WCD should continually assess the results of its contracted and in-house services to optimize overall cost/benefit relationships as well as customer service levels
 - Hiring and training practices should be modified to further enhance the guest experience
 - Consider utilizing a third party service for ushers and ticket takers – may provide an opportunity to recognize cost savings, reduce the hiring burden, and provide more consistent customer service

I. EXECUTIVE SUMMARY

Strategic Recommendations

Financial Reporting

Observations

- WCD does not allocate certain non-operating expenses (G&A/overhead)
- WCD does not currently allocate all operating revenues and expenses for internal reporting and monitoring – also results in small discrepancy between the sum of each building and the consolidated statement
- Under the current methodology, all three WCD facilities appear to operate profitably

Recommendations

- Allocate all operating revenues and operating expenses as well as non-operating expenses (G&A/overhead) to all three venues – dedicate resources as appropriate to improve performance
- Consider and adopt appropriate allocation methodology (e.g., events, attendance, revenues, expenses, etc.)
 - Methodology could vary by line item – careful evaluation required
- Incorporate above approach into P&L for each event

I. EXECUTIVE SUMMARY

Strategic Recommendations

Utilization

Observations

- WCD facilities are currently underutilized relative to comparable facilities and complexes – variety of factors contribute to this observation
 - Wisconsin Center – Improved cooperation and communication with VISIT Milwaukee critical
 - UW-Milwaukee Panther Arena – Admirals will improve utilization (concerts an area of concern)
 - Milwaukee Theatre – Although utilization has recently improved, aggressive marketing required

Recommendations

- Wisconsin Center
 - See VISIT Milwaukee/WCD Coordination (must be done at Board level)
 - See Staffing recommendations
 - Utilize Board members as resources
 - Improve/expand industry relationships regionally and nationally – internally or through new hires

I. EXECUTIVE SUMMARY

Strategic Recommendations Utilization

Recommendations (Continued)

- UW-Milwaukee Panther Arena
 - Utilize increased staff to aggressively pursue concerts and other high margin events at arena, particularly during months where schedule is more flexible
 - Continue relationship with Venue Coalition to increase concerts/events
 - Consider booking relationship/cooperation with Bucks to accommodate events
 - Approach Summerfest (and similar local events) to augment/expand the footprint of those events (e.g. cooperative booking arrangement) (must be done at Board level)
 - Similar to New Orleans Jazz Fest, where events are held throughout New Orleans during the evening
 - WCD staff has approached Summerfest in the past, according to management – opportunities may be limited given patrons desire to be outdoors during summer months
 - Must consider direct and indirect benefits to both entities

- Milwaukee Theatre
 - Continue relationship with Venue Coalition to increase events
 - Curtaining system has provided increased flexibility, although the capacity is still not optimal
 - Consider/evaluate potential booking relationship with Marcus Center (must be done at Board level)
 - Marcus Center has established operation for front of house, back of house, ticketing, sales and marketing, and regional/national relationships with industry promoters and booking agents
 - WCD staff has approached Marcus Center in the past, according to management

I. EXECUTIVE SUMMARY

Strategic Recommendations

Convention Center Expansion

Observations

- Convention center expansion (completion) has been identified by certain stakeholders as a key issue
- Previous convention center expansion study (2013/2014) concluded that the Wisconsin Center offered a limited amount of space, particularly exhibit and meeting space, relative to its national competitors
- The previous study found that market conditions were generally positive, but many potential users of the building cited that the destination appeal of downtown Milwaukee needed to be improved
 - Issues cited included insufficient hotel rooms, lack of air access, poor local transportation, and an overall lack of destination appeal

Recommendations

- Consider convention center expansion feasibility study to account for changes locally (new Bucks arena and real estate development, etc.) and nationally
 - Determine the required space to better penetrate target markets
 - Analyze local market conditions and supporting hospitality infrastructure
 - Analyze industry trends that may impact development of additional space
 - Analyze operating data including reasons for lost business
 - Analyze the competitive market in terms of existing/planned convention space and supporting amenities
 - Conduct surveys/focus groups with meeting planners and other users to understand future space requirements

I. EXECUTIVE SUMMARY

Strategic Recommendations Convention Center Expansion

Recommendations (continued)

- Refine the building program parameters based on market-driven research
 - Amount/type of space
 - Exhibit
 - Ballroom
 - Meeting
 - Flex
 - Supporting infrastructure (e.g. hotel supply)
- Estimate new business that could be generated from expansion – total events and attendance by type and hotel room nights
- Estimate impact to financial operations – operating revenues, operating expenses, cash flow analysis
- Quantify economic and fiscal impacts – spending, jobs, earnings and tax revenues
- Identify potential funding sources

I. EXECUTIVE SUMMARY

Strategic Recommendations

Other

- Establish capital repair, replacement, and improvement reserve fund
 - Identify dedicated funding source(s) (e.g., potential VISIT Milwaukee lease savings, Wisconsin Center naming rights, Walk of Fame naming rights)
- The 4th and Wisconsin Development will potentially include meeting or other similar space that could be utilized in conjunction with the Wisconsin Center – consider Wisconsin Center and market needs in reviewing development proposals
- Consider cooperative, joint booking, and operating arrangements with other public assembly facilities in the market once operations are stabilized
- Add more specific facility related questions to lost business reports
- Evaluate debt refinancing opportunities (if any)
- Prioritize recommendations included herein

LIMITING CONDITIONS AND ASSUMPTIONS

This analysis is subject to our contractual terms, as well as the following limiting conditions and assumptions:

- The analysis has been prepared for internal decision making purposes of the Client only and shall not be used for any other purposes without the prior written permission of Barrett Sports Group, LLC.
- The analysis includes findings and recommendations; however, all decisions in connection with the implementation of such findings and recommendations shall be Client's responsibility.
- Ownership and management of the facility are assumed to be in competent and responsible hands. Ownership and management can materially impact the findings of this analysis.
- Any estimates of historical or future prices, revenues, rents, expenses, occupancy, net operating income, mortgage debt service, capital outlays, cash flows, inflation, capitalization rates, yield rates or interest rates are intended solely for analytical purposes and are not to be construed as predictions of the analysts. They represent only the judgment of the authors based on information provided by operators and owners active in the market place, and their accuracy is in no way guaranteed.
- Our work has been based in part on review and analysis of information provided by unrelated sources which are believed accurate, but cannot be assured to be accurate. No audit or other verification has been completed.
- Current and anticipated market conditions are influenced by a large number of external factors. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors which might influence the operating potential of the Complex. Due to rapid changes in the external factors, the actual results may vary significantly from estimates presented in this report.
- The analysts reserve the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available.
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