

**WISCONSIN CENTER
DISTRICT**



2018 Approved Budget

WISCONSIN CENTER DISTRICT 2018 BUDGET

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Wisconsin Center District Proposed 2018 Budget Executive Summary

Date: September 20, 2017

To: Wisconsin Center District Board of Directors

Summary of Current Financial Operating Environment:

2017 has been a decent year for the District. The addition of the Milwaukee Admirals has raised the profile of the UW-Milwaukee Panther Arena, as well as the revenues. The Wisconsin Center has had excellent corporate and trade show activity, while national convention business has fallen slightly short of expectations. The economy continues to grow, and bookings look more optimistic in 2018. The Miller High Life Theatre continues to increase its presence. Net income (before noncash items) is significantly ahead of budget at mid-year, and management continues to look for additional growth.

As of June 2017 the District's Operating Revenues are 6.8% below the amount budgeted for that time period. Nonoperating Revenue is 7.7% above budget. With Operating Expenses at 9.5% under budget and Nonoperating Expenses at 2.3% under budget, the District is experiencing an overall flow of positive results. The District's internal sales staff has filled many openings in the calendar, and staff is looking forward to even more activity in the second half of the year that will generate additional positive results for the District.

The Wisconsin Center's overall operating revenue at June 2017 is 14.5% under budget. National convention business has fallen in 2017, and the catering aspect has been the area most affected. As usual, the internal sales staff has worked hard to book events into calendar openings, to fully maximize the convention center capabilities and boost the economics of the District.

The UW-Milwaukee Panther Arena exceeded its revenue goal for the first half of 2016 (by 10.5%), and the Miller High Life Theatre is right at budget. Expense controls in both buildings have helped those buildings to provide important cash flow to the District. UWM Men's basketball leads the sports tenant roster in the Arena, and the Admirals have been a tremendous addition. The continuation of the Milwaukee Wave, the Brew City Bruisers, US Robotics, multiple graduations, and other events make it a vibrant venue.

In the first 6 months of 2017, the UW-Milwaukee Panther Arena and Miller High Life Theatre combined to generate \$2.6 million in overall revenue and \$1.6 million in net revenue (after deducting direct expenses). **The significance of those two amounts is a clear indication of the importance (and operating margins) of those two buildings to the District.** The District has in recent years partnered with the Marcus Center multiple times, and works with Shank Hall, the Riverside Theater, and the Rave on events as well. We believe these strategic partnerships (as well as outreaches to the Bradley Center, Summerfest and State Fair) will lead to many exciting opportunities in the future.

The District continues to place a strong emphasis on controlling costs and spending. We have kept expenses in line with revenues each year, and 2018 will similarly show a balanced budget. The 2017 operating expenses are projected to be under budget, attributable to controls in place to ensure proper utilization of manpower for events occurring. Nonoperating costs are also under budget due to consistent control measures. Cash reserves are holding, but at a level which is still considered lower than preferred. As documented in the past, all tax revenues (Hotel, Food & Beverage, and Car Rental taxes) are subject to the time lag that results from the tax collections being accumulated and remitted through the Wisconsin Department of Revenue, and passed through the restrictive annual bond funding requirements.

With this as a backdrop, the District Staff has diligently completed its preparation of the 2018 Operating and Capital Budgets. Our greatest challenge is to generate enough business and produce sufficient revenue to cover all of the costs of operating a three building campus. Tax revenues are earmarked for bond payments and Visit Milwaukee funding, so the WCD must book business to generate revenue internally in 2018 and beyond.

The District sales staff (combined with the Levy Restaurants staff) is doing a yeoman's job of capitalizing on short-term calendar openings in 2017. National convention business is projected to increase in 2018, so we have compiled a budget that allows encompasses the effort to present the expected event load.

Based upon cash availability, the District has identified \$3.1 million for necessary capital projects, which elevates the WCD to a necessary level of spending for proper upkeep for the campus. This amount includes important items which maintain the functionality of the buildings, such as escalator and transformer replacement. It also includes items that will open up opportunities to increase revenues and frequency of shows. The capital budget covers those financial amounts required to maintain the District's buildings high standards, and needs for safety and revenue generation potential. The District Board has stated there are ongoing concerns about the District buildings being maintained in top condition for show managers and attendees. The Board also agreed that a "contingency amount" (\$204,000 in 2018) must be included for emergency capital needs, with authority granted to the President/CEO for utilization after notifying and consulting with the Project Development Committee.

REVENUES

1) Major Event Revenues Budgeted at \$5,400,000.

The District's Total Event Room Fees/Equipment Rental/Labor & Show Reimbursement Revenue Budget for 2018 is set at \$5,400,000, or \$350,000 more than the 2017 Budget of \$5,050,000. Current projections suggest that by the end of this year actual revenues will accumulate to \$4.7 million. The change in the overall total of the revenue components is complex and changes from year to year.

Event Room Fees – The 2018 budget is set at \$3,100,000, which is \$350,000 more than the 2017 budget of \$2,750,000. Current projections suggest that by the end of 2016 actual revenues will generate around \$2,700,000.

2017 has been a mixed bag for activity on the WCD campus. Sports activity has been very strong (as we expected), convention activity was below average compared to recent years. Ancillary revenue categories have been at an average level, similar to the average level in conventions. District staff was able to fill many dates with Theatre and Arena events and local and regional short-term business which allowed the District to generate the revenue overage amounts presented. While individual events have varying degrees of profitability, the overall results were decent for the District. We expect 2018 to be a better year, as national convention activity is rebounding. We set goals, and will concentrate on short-term business to fill open periods in the booking calendar.

Equipment Rentals - The 2018 budget is set at \$1,200,000, similar to the 2017 budget. Current projections suggest that by the end of 2017 actual revenues will be close to the budget amount. Activity levels (current bookings and reasonable future estimations) and pricing structures in 2018 suggest that the \$1,200,000 budget is appropriate.

Labor Service & Show Reimbursement Revenue – The 2018 budget is set at \$1,100,000, the same as the 2017 budget. Current projections suggest that by the end of 2017 actual revenues will produce approximately \$850,000. The District is booking fewer self-produced events than in the past, because we are able to generate good show volume with rentals and partnerships (that keeps our cost down). With strong assistance from partnerships in the local entertainment community, we have identified a number of shows for the second half of 2017 and 2018. There are ongoing strong District staff efforts put into those shows to make them profitable.

2) Concession Net Revenues – Budgeted at \$2,130,000.

During 2017 net Concessions Revenue resulting from food, beverage and novelty operations (managed by Levy Restaurants) has fallen short of expectations. Convention premium catering business falling short has been the main issue here. Levy's internal projections indicate that the 2017 year-end amount will be approximately \$2,400,000, under the budget amount of \$2,780,000. The 2018 Concessions budget is set at \$2,130,000. The sales and marketing groups will continue to attempt to maximize catering opportunities associated with conventions and corporate business, and aggressively campaign to acquire opportunities from the local corporate business community. Levy works within WCD budget parameters to maximize cash flow to the District.

3) Other Sources of Revenue - Budgeted at \$4,531,000.

During the past few years the WCD has been successful in developing some of its "other" sources of revenue. These include 1) Technology Revenues, 2) Advertising and Naming Rights, 3) Box Office fees (primarily ticketing fees and facility fees), and 4) Parking Fees. The 2018 Budget goal for these categories totals \$4,531,000 – up 11.5% from the previous year's budget.

Technology Revenues (including Telecommunications, Data Communications and Video Production Services) - The Wisconsin Center was built with a sophisticated infrastructure to provide "state of the art" technology services to clients. A significant part of this infrastructure is the built-in capability and flexibility of the Wi-Fi internet access, video production equipment and satellite up and down links. This allows the District to provide high

quality data communication services to clients during events, and to bill directly for these services, as well as other services offered. Total 2018 Technology Revenues are budgeted at \$795,000, which is 5.7% higher than the 2017 Budget. We are continually seeking out new revenue opportunities as technology applications become available for show use.

Advertising and Naming Rights Revenue - The District generates revenue from the placement of advertising displays in various areas within its facilities, including the UW-Milwaukee Panther Arena scoreboard, plasma screens and on outdoor message centers. In 2017 the District projects Advertising and Naming Rights Revenues totaling \$911,000, up 1.2% from 2016. We are going to emphasize this area in 2017 to increase our opportunities with advertisers in general.

Box Office Fees – Budgeted at \$950,000, this represents a \$150,000 increase over 2017. In general, all public ticketed sports and entertainment events in our facilities are subject to a Facility Fee that goes to the WCD. This includes our self-promoted and co-promoted shows. This is an area that has been boosted by hosting the Admirals significantly. The revenue structure in the sports and entertainment world mandates that we evaluate event offerings from an overall standpoint, considering ticket fees at the same time as room fees, labor and equipment, etc.

Parking Revenue – Budgeted at \$660,000, up \$30,000 over 2017. This amount reflects receipts from the main parking lot on Kilbourn Avenue, as well as the parking areas for the Arena and Theatre. The increase is most directly attributable to sporting event volume.

EXPENSES

1) Operational Costs Held in Check.

The District's Total Operating Expense Budget for 2018 is set at \$8,994,000, or 3.8% higher than the 2017 Budget. We are projecting an increase in Wisconsin Center revenues, and are budgeting appropriately for the expenses associated with the events. Operational labor costs (approximately 30 full-time employees and 220 part-time) are increasing incrementally in 2017, and then additionally in 2018 as event load increases. In 2018, pay increases projected for both operational and administrative staff are at 2%, a level comparable to CPI.

Maintenance costs are rising for the Wisconsin Center, as the building and its various mechanicals are aging. We must maintain high standards in appearance and efficiency to keep Milwaukee competitive in the convention industry. Finally, we are allocating a budget for in-house produced events as we look to continue enhancing bookings by finding shows for purchase.

2) Utility Budgets for 2018 increasing.

The total 2018 budget for all utilities (electricity, steam, gas and water) is set at \$2,308,000, or 1.6% above the 2017 Budget. As a result of energy conservation programs undertaken by the District, utility expenses in the last few years have risen much slower than

the increases in rates charged. The 2018 Budget takes into consideration the cost of maintaining ice from October to May and expected various increases in utility rates published by the providers involved, offset by gained efficiencies.

3) Repairs and Maintenance Budget Increased.

The total Repairs and Maintenance amount in the 2018 Budget is \$1,320,000, 4.3% higher than the 2017 Budget (\$1,265,000). As the campus has aged, the District has increased the level of spending for maintenance costs, especially over the last few years. We continue to evaluate programmed maintenance initiatives that may have a significant impact on future year's expenses (or capital budgets), and authorize those programs based upon funds available. Basic costs are increasing across the board and we have instituted comprehensive preventative maintenance programs, which will maximize the lives and earnings potentials of our buildings and the equipment in inventory.

4) Reductions continued in Administrative Employee Costs.

The District continues to maintain a tightened level of administrative payroll due to the limits on funds available. Duties have been allocated amongst the personnel when attrition has occurred in many cases. Event Services, Sales, Finance, and Information Technology departments have each had positions frozen in recent years, resulting in major cost savings.

The total 2018 budget for Administrative Wages is set at \$2,700,000 or 5.9% more than the 2017 Budget. Pay raises have been included for 2018, at the 2% level previously mentioned. Several well thought out additions to staff raises the budget for 2018 as well. The budget for benefits is \$2,280,000, or 5.0% higher than 2017, due mostly to the insurance premium rate increases. Benefit offerings are evaluated on a yearly basis, and District personnel are responsible for a portion of their insurance premiums, as has become standard with many employers.

5) Advertising & Promotional Budget Established.

The 2018 Advertising and Promotional budget is set at \$255,000, which is an \$81,000 increase from the 2017 Budget. The District needs to continue marketing all three of the buildings on our campus, in a targeted, effective manner. This will better enhance our potential in local, state, and national markets, and let potential clients managing all kinds of shows know we are aggressively seeking their business.

CAPITAL BUDGET AND RESERVES

The 2018 Capital Budget, as reflected in this package, is set at \$3,090,000. It proposes necessary capital improvements within the three District facilities. This amount is a \$352,000 increase above the 2017 capital budget amount.

Financial resource limitations forced the District to severely restrict capital spending for several years to a very basic level, most severely in 2010. We have attempted to maintain a

manageable level of capital spending, but cash flow issues have affected that process. District staff annually maintains a 5 year capital projection in an attempt to plan for needed capital spending for the foreseeable future. Significant building work, including LED signage and lighting, electrical, weatherproofing, repainting projects and escalator work in the Wisconsin Center has occurred and will continue in subsequent years.

The level of capital funding leaves a gap from the 15 Year Long-Term Capital Requirements program presented to and approved by the Board in 2004, and even more important maintains the campus safety and marketability. It also includes the contingency reserve previously called for by WCD Committees and by the Barrett operational review. The staff has maximized the funding available with the items on the capital projects list.

We have increased our expectations for tax collections in recent years because of positive growth and the Food and Beverage tax increase, but the drastic cuts to capital over the last 5-10 years were an issue that needed to be addressed. If additional operating or tax revenues develop, they must be earmarked for replenishing reserves that were used up in 2009 (i.e. for the pension assessment, which has occurred each of the last 3 years) and for reinstating capital projects previously deferred.

TAX COLLECTIONS

The tax collections for the District are designed to do the following things:

- Fund the annual debt service on bonds issued.
- Fund the national marketing effort, handled by Visit Milwaukee.
- Fund capital maintenance and improvements.

The District was in a situation in 2009 where debt service had climbed to a level that resulted in there being insufficient tax money left over after the debt service payments to fully fund the national marketing effort, let alone any amount for capital maintenance or improvements. An increase in the Food and Beverage tax was passed in 2009, and a County Hotel tax increase was passed in 2010 in order to allow for a funding increase to enhance Visit Milwaukee's efforts.

The budget for tax collections (including the \$8,000,000 appropriation from the State of Wisconsin) in 2018 is set at \$43.5 million. The 2018 budget amount includes moderate increases over previous years. We have been fortunate that business has continued to improve and the tax collections are over budget (including the percentage allocated to Visit Milwaukee). If the level of tax collections continues to show growth and resume the positive pattern seen prior to and since 2009, the District financial status will continue to strengthen its position and stabilize the future.

NOTE – The District has as part of its structure bond-defined operating reserves. It is still necessary that internal cash reserves be enhanced, as well as full funding for all bond obligations including the 2016 issuance. Those two items, combined with the need to address the level of capital spending on a timely basis, are the priorities for any cash flows generated above and beyond the budgeted numbers.

The WCD bonds have reserve funds of \$2,500,000 available for operational issues, and \$17,600,000 for debt service.

Summary of District Taxes:

The District currently is authorized to collect four taxes: City of Milwaukee Room Tax of 7%, Milwaukee County Room Tax of 2.5%, Milwaukee County Food and Beverage Tax of 0.50%, and Milwaukee Car Rental Tax of 3%. In the resolutions passed by the Board and the Wisconsin State Legislature as part of the financing of the new convention center, specific provisions concerning these taxes were included. The following is a brief summary:

Milwaukee County Room Tax – The collection of funds from this tax can only be used for the payment of the District's bond interest and principal. Although originally set at 2%, the District Board was given the discretion to increase this tax up to a maximum of 3% at any time. In 2010, based upon a request from the local hotel community, an increase of 0.5% was approved in order to yield additional funding for Visit Milwaukee. This increase was effective 1/1/11.

If taxes collected are not sufficient to make the required semi-annual bond payments there is a provision in the tax resolutions that supported the bond issues that would automatically increase the tax rate to its maximum. This rate would remain at that maximum rate until all bonds have been paid off.

Milwaukee County Food and Beverage Tax – The collection of funds from this tax can only be used for the payment of the District's bond interest and principal. Originally set at 0.25%, the District Board exercised its authority to increase this tax up to 0.5%, effective July 1, 2010.

Milwaukee County Car Rental Tax - The collection of funds from this tax can only be used for the payment of the District's bond interest and principal. The tax was originally set at 3%. However, if taxes collected are not sufficient to make the required semi-annual bond payments, there is a provision in the tax resolutions that supported the bond issues that would automatically increase the tax rate to its maximum of 4%. This rate would remain at that maximum rate until all bonds have been paid off. This automatic tax rate increase provides the State of Wisconsin some protection against having to provide financial assistance in case the District is unable to make timely payments of its Junior Bonds. The State of Wisconsin gave its "moral obligation," which provided additional "insurance" that the bond principal and interest payments would be honored in case of default by the District. This District Board of Directors has no current authority to raise this tax through its own discretion without first obtaining Legislative approval.

City of Milwaukee Room Tax - The collection of funds from this tax must first be used to pay semi-annual bond interest and principal payments when collections from the three taxes restricted to bond debt service are not sufficient. Excess funds from the unrestricted City tax may be used by the District for any legally authorized use. The current rate for this tax is 7% and may not be increased by the District without first obtaining Wisconsin State Legislative approval.

Total Room Tax collections (7% City of Milwaukee and 2.5% Milwaukee County) for this January through June period was 3.5% above the budget, while the 0.50% Milwaukee County Food and Beverage Tax was 2.6% over budget, and the 3% Milwaukee County Car Rental Tax was approximately 11.3% over budget.

Visit Milwaukee Funding Budgeted at \$7,500,000.

The proposed budget includes national marketing funding to Visit Milwaukee in the amount of \$7,500,000. A 5 year agreement was signed in 2011, and extended in 2015 to 2020.

The agreement with Visit Milwaukee redefined the relationship to update for the current market in the convention industry, and incorporated an updated funding formula. This formula includes a base amount, an amount equal to the County Hotel tax increase, and an incentive program designed to reward Visit Milwaukee for exceeding their booking goals for room nights and revenues. A good working relationship is important for both the District and Visit Milwaukee's success.

2018 shows some signs of growth and improvement in the economic climate nationally, and we expect better results. While some revenue areas have maintained strong status, we always look to improve across the board. We look to 2018 and beyond as we focus on generating improvement, and to bring positive business results to the District and to the greater Milwaukee area. The Board can be confident that the District's management staff and other employees will be cautious, exercise sound decision making, and do all they can to make the year a success. The District's staff thanks the Board for their support, sound judgment, and trust.

Respectfully submitted:


Russell Staerkel, President & CEO


Jeffrey Sinkovec, Vice President of Finance

**Wisconsin Center District
Comparative Budget Statement**

For All Segment1s

	2018 Budget	2017 Projection Based on Budget	Increase (Decrease) Over Prior Year Budget	2017 Budget
Operating Income				
101 Event Room Fees	3,100,000	2,709,732	350,000	2,750,000
102 Equipment Rentals	1,200,000	1,154,418	0	1,200,000
103 Labor Service / Show Reimb Revenue	1,100,000	849,552	0	1,100,000
104 Net Food & Beverage Revenue	2,130,000	2,378,521	(650,000)	2,780,000
105 Box Office Revenue	950,000	942,603	150,000	800,000
106 Office Rental and Leasing Revenue	415,000	160,625	225,000	190,000
107 Telecommunications Revenue	120,000	90,308	0	120,000
108 Datacommunications Revenue	400,000	386,456	20,000	380,000
109 Video Production Services Revenue	275,000	320,550	23,000	252,000
110 Advertising Revenue	400,000	416,000	(100,000)	500,000
111 Naming Rights Revenue	511,000	452,000	111,000	400,000
112 Parking Revenue	660,000	797,944	30,000	630,000
113 Other Income	800,000	799,033	8,000	792,000
Total Operating Income	12,061,000	11,457,742	167,000	11,894,000
Operating Expenses				
114 Operating Wages	3,210,000	3,153,343	(41,000)	3,251,000
115 Technician Wages	234,000	187,256	142,000	92,000
116 Contract Services	839,000	726,319	130,000	709,000
117 Steam & Gas	775,000	685,118	(50,000)	825,000
118 Electricity	1,400,000	1,296,607	80,000	1,320,000
119 Water	133,000	129,101	6,000	127,000
120 Uniform Expense	19,000	13,947	1,000	18,000
121 Ticket Expense	135,000	141,247	0	135,000
122 Telecommunications Expense-Events	50,000	53,636	0	50,000
123 Datacommunications Expense-Events	60,000	56,774	0	60,000
124 Video Productions Expense-Events	140,000	194,931	(94,000)	234,000
125 Miscellaneous Show Expense	599,000	240,237	94,000	505,000
126 Cleaning Supplies	80,000	94,113	5,000	75,000
127 Other Supplies	0	340	0	0
128 Maintenance - Building	835,000	777,546	35,000	800,000
129 Maintenance - Carpentry	50,000	49,236	6,000	44,000
130 Maintenance - Electrical	128,000	106,684	6,000	122,000
131 Maintenance - Mechanical	223,000	229,744	13,000	210,000
132 Maintenance - Miscellaneous	84,000	65,022	(5,000)	89,000
Total Operating Expenses	8,994,000	8,201,201	328,000	8,666,000
Operating revenues over expenses	3,067,000	3,256,541	(161,000)	3,228,000

**Wisconsin Center District
Comparative Budget Statement**

For All Segment1s

	2018 Budget	2017 Projection Based on Budget	Increase (Decrease) Over Prior Year Budget	2017 Budget
Nonoperating Income				
201 Interest Income	1,750,000	2,676,264	350,000	1,400,000
Total Nonoperating Income	1,750,000	2,676,264	350,000	1,400,000
Nonoperating Expenses				
202 Administrative Wages	2,700,000	2,429,917	150,000	2,550,000
203 FICA Taxes	500,000	467,227	10,000	490,000
204 Unemployment Taxes	40,000	33,041	0	40,000
205 Health Insurance	1,325,000	1,133,687	95,000	1,230,000
206 Life Insurance	15,000	12,048	3,000	12,000
207 Pension	400,000	400,000	0	400,000
208 Advertising	200,000	162,829	50,000	150,000
209 Promotional Items	55,000	12,600	31,000	24,000
210 Maintenance-Copier/Fax/Software	4,000	1,900	0	4,000
211 Office Supplies	16,000	13,947	0	16,000
212 Legal Services	140,000	127,531	15,000	125,000
213 Professional Services	200,000	156,877	78,000	122,000
214 Information Technology Expense	490,000	234,618	195,000	295,000
215 Insurance	680,000	681,486	0	680,000
216 Employee Relations Expense	20,000	12,368	(2,000)	22,000
217 Interest Expense	60,000	51,134	(7,000)	67,000
218 Travel	40,000	27,397	10,000	30,000
219 Business Meetings	41,000	38,278	4,000	37,000
220 Postage	16,000	12,580	(4,000)	20,000
221 Recruiting	15,000	13,946	0	15,000
222 Training Expense	35,000	22,351	(1,000)	36,000
223 Dues & Subscriptions	13,000	9,152	2,000	11,000
224 Bad Debt Expense	24,000	24,000	0	24,000
225 Miscellaneous Expense	145,000	146,213	8,000	137,000
Total Nonoperating Expenses	7,174,000	6,225,127	637,000	6,537,000
Net income(loss) before non cash items	(2,357,000)	(292,322)	(448,000)	(1,909,000)
226 Depreciation Expense	8,400,000	8,400,000	0	8,400,000
227 Amortization of Financing Costs	90,000	113,981	0	90,000
Total Noncash Expenses	8,490,000	8,513,981	0	8,490,000
Net income(loss) before tax items	(10,847,000)	(8,806,303)	(448,000)	(10,399,000)

Date: 10/2/2017

**Wisconsin Center District
Comparative Budget Statement**

For All Segment1s

	2018 Budget	2017 Projection Based on Budget	Increase (Decrease) Over Prior Year Budget	2017 Budget
Tax Revenue				
301 City Room Tax	15,101,000	14,264,038	758,000	14,343,000
302 County Room Tax	7,054,000	6,634,839	455,000	6,599,000
303 Food & Beverage Tax	11,384,000	11,035,608	391,000	10,993,000
304 Car Rental Tax	2,916,000	2,724,215	182,000	2,734,000
305 Appropriation Revenue - State of Wisconsin	8,000,000	8,000,000	0	8,000,000
306 Tax Revenue Administration Fee	(930,000)	(884,446)	(46,000)	(884,000)
Net Tax Revenue	43,525,000	41,774,254	1,740,000	41,785,000
Tax Usages				
307 Visit Milwaukee Management Fee	7,500,000	7,298,000	200,000	7,300,000
308 Bond Interest Expense	21,100,000	21,012,165	10,000	21,090,000
Total Tax Usages	28,600,000	28,310,165	210,000	28,390,000
Tax Overage (Underage)	14,925,000	13,464,089	1,530,000	13,395,000
Net Income	4,078,000	4,657,786	1,082,000	2,996,000

**WISCONSIN CENTER DISTRICT
2018 BUDGET**

OVERALL OPERATING CASH ANALYSIS

Estimated Operating Cash balance at January 1, 2018 **\$ 2,500,000**

<u>Cash provided by operations</u>			
1	Net Income (Loss)	\$ 4,078,000	
<u>Add back Non-Cash expenses & Other Cash Provided</u>			
2	Depreciation & Amortization	8,490,000	
3	Bond Interest Accrued	21,100,000	
4	Amortization of Bond Premium/Catering Premium	(456,000)	
<u>Deduct Other Cash Outflows</u>			
5	Principal and Interest Payment on Junior Bonds	(11,967,000)	
6	Principal & Interest Payment on Senior Bonds	(7,400,000)	
7	Principal & Interest Payment on Theatre Bonds	(1,793,000)	
8	Principal and Interest Payment on 2016 Appropriations Bonds	(7,993,000)	
9	Principal and Interest Payment on 2016A Dedicated Bonds	(530,000)	
10	Principal and Interest Payment on 2016B Junior Bonds	-	
11	Operating Lease Payments	(407,000)	
12	Capital Budget items	(3,090,000)	
13	Utilization of Current Year Capital Reserve	1,077,000	
14	Funding of Subsequent Year Capital Reserve	(1,109,000)	
	Net Cash Change for 2017 based upon Budget	\$ -	

Estimated Operating Cash balance at December 31, 2018 **\$ 2,500,000**

Status of Building Reserves:

<u>Amounts in Reserve at 12-31-2017</u>			
15	Artwork Repairs/Refurbishment Reserve	\$ 104,000	
16	Wisconsin Center Capital Improvements	1,077,000	
		\$ 1,181,000	
<u>Amounts Committed to Reserves in 2018</u>			
17	Artwork Repairs/Refurbishment Reserve	10,000	
18	Wisconsin Center Capital Improvements	1,109,000	
		1,119,000	
<u>Amounts Funded by Reserves in 2018</u>			
19	Artwork Repairs/Refurbishment Reserve	(10,000)	
20	Wisconsin Center Capital Improvements	(1,077,000)	
		(1,087,000)	
	Total Projected Building Reserves	\$ 1,213,000	
	Cash Available for Operations	\$ 1,287,000	
	Estimated Operating Cash balance at December 31, 2018	\$ 2,500,000	
<u>Amounts Projected in Reserve at 12-31-2018</u>			
	Artwork Repairs/Refurbishment Reserve	\$ 104,000	
	Wisconsin Center Capital Improvements	1,109,000	
		\$ 1,213,000	

**WISCONSIN CENTER DISTRICT
2018 BUDGET**

CASH ANALYSIS - OPERATIONAL / TAXES

	<u>2018 Budget</u>	<u>2017 Budget</u>
Estimated Cash balance at January 1	\$ 2,500,000	\$ 2,500,000
<u>Cash provided by operations</u>		
1 Operating Income	\$ 11,811,000	\$ 11,894,000
2 Operating Expenses	(8,849,000)	(8,666,000)
3 Nonoperating Expenses (excluding Interest/VisitM)	(7,069,000)	(6,537,000)
	<u>\$ (4,107,000)</u>	<u>\$ (3,309,000)</u>
<u>Cash Impact of Tax Revenues / Bonds / Visit Milw</u>		
4 Tax Revenues (net)	43,525,000	41,785,000
5 Funding of Visit Milwaukee	(7,500,000)	(7,300,000)
6 Interest Income (excluding amortizations)	1,359,000	1,009,000
7 Principal & Interest Payment on Junior Bonds	(11,967,000)	(11,165,000)
8 Principal & Interest Payment on Senior Bonds	(7,400,000)	(7,400,000)
9 Principal & Interest Payment on Theatre Bonds	(1,793,000)	(1,797,000)
10 Principal and Interest Payment on 2016 Appropriations Bonds	(7,993,000)	(8,000,000)
11 Principal and Interest Payment on 2016A Dedicated Bonds	(530,000)	(525,000)
12 Principal and Interest Payment on 2016B Junior Bonds	-	-
13 Catering Premium Amortization	(65,000)	(130,000)
14 Operating Lease Payments	(407,000)	(399,000)
15 Capital Budget items	(3,090,000)	(2,738,000)
	<u>\$ 4,139,000</u>	<u>\$ 3,340,000</u>
<u>Add/Deduct Other Cash In/Outflows</u>		
16 Utilization of Current Year Capital Reserve	1,077,000	1,046,000
17 Funding of Subsequent Year Capital Reserve	(1,109,000)	(1,077,000)
	<u>\$ (32,000)</u>	<u>\$ (31,000)</u>
Net Cash Change for the Year based upon Budget	<u>\$ -</u>	<u>\$ -</u>
Estimated Cash balance at December 31	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>

**WISCONSIN CENTER DISTRICT
2018 Budget
Accrual Basis - SUMMARIZED**

	2018 Budget	2017 Projection	2017 Budget
Operating Income			
Total	\$ 11,811,000	\$ 11,457,742	\$ 11,894,000
Tax Revenue - Unrestricted			
Net	14,716,000	13,900,038	13,997,000
Tax Revenue - Restricted			
Net	28,809,000	27,874,216	27,788,000
Total	43,525,000	41,774,254	41,785,000
Interest income	1,750,000	2,676,264	1,400,000
OVERALL REVENUE-ACCRUAL BASIS	\$ 57,086,000	\$ 55,908,260	\$ 55,079,000
Direct operating expenses			
Total	8,849,000	8,201,201	8,666,000
Nonoperating expenses			
Total	7,069,000	6,225,127	6,537,000
Noncash expenses			
Total	8,490,000	8,513,981	8,490,000
Tax Usages			
Total	28,600,000	28,310,165	28,390,000
OVERALL EXPENSES-ACCRUAL BASIS	53,008,000	51,250,474	52,083,000
OVERALL NET INCOME-ACCRUAL BASIS	\$ 4,078,000	\$ 4,657,786	\$ 2,996,000
<u>RECONCILIATION TO CASH BASIS</u>			
Add Back Non-Cash Items (Depreciation, Interest Accrued, Etc.)	\$ 29,102,000		\$ 29,059,000
Deduct Additional Cash Outflows (Debt Service, Loan Repayments, Etc.)	(30,090,000)		(29,317,000)
Capital Budget	(3,090,000)		(2,738,000)
OVERALL NET CHANGE IN CASH	<u>\$0</u>		<u>\$0</u>

IN THIS BUDGET CASH OUTFLOWS EQUAL CASH INFLOWS - BALANCED

WISCONSIN CENTER DISTRICT

2018 Budget

PROPOSED CAPITAL BUDGET ITEMS

	<u>Description</u>		<u>Building</u>	<u>Estimated Amount</u>
A1	Transformer Replacement		Arena	\$ 300,000
A2	Concession Stand Upgrades		Arena	60,000
A3	Air Handling Units	Partial/Multi-Yr Project	Arena	50,000
A4	Video & Audio Production Room		Arena	50,000
A5	Ammonia System		Arena	35,000
A6	Polished Concrete Flooring		Arena	25,000
A7	Unit Wall Heaters	Partial/Multi-Yr Project	Arena	23,000
T1	Line Arrays - Speakers		Theatre	250,000
T2	Wi-Fi Access Points		Theatre	75,000
T3	Isotransformer Room - Heat Dissipation		Theatre	20,000
T4	Accoustical Panels		Theatre	7,500
W1	Escalators #7, 8	Partial/Multi-Yr Project	Wisc Ctr	750,000
W2	Digital Signage	Partial/Multi-Yr Project	Wisc Ctr	120,000
W3	Ballroom Chairs		Wisc Ctr	110,000
W4	Wi-Fi Access Points		Wisc Ctr	100,000
W5	LED Lighting - Meeting Rooms		Wisc Ctr	75,000
W6	Escalators - Drive/Motor Replacement	Partial/Multi-Yr Project	Wisc Ctr	50,000
W7	China, Glass, Silver	Partial/Multi-Yr Project	Wisc Ctr	50,000
W8	Dock Doors	Partial/Multi-Yr Project	Wisc Ctr	30,000
W9	Kitchen Equipment	Partial/Multi-Yr Project	Wisc Ctr	30,000
W10	Motor Control Centers	Partial/Multi-Yr Project	Wisc Ctr	20,000
W11	Banquet Service Carts		Wisc Ctr	34,500
Mul1	Bradley Center		Multiple Bldgs	250,000
Mul2	Boom Lift		Multiple Bldgs	135,000
Mul3	Tuckpointing	Partial/Multi-Yr Project	Multiple Bldgs	95,000
Mul4	Network Switches	Partial/Multi-Yr Project	Multiple Bldgs	30,000
Mul5	Cast Iron Piping	Partial/Multi-Yr Project	Multiple Bldgs	25,000
Mul6	Computer Equipment – Servers / Computers / Printers		Multiple Bldgs	25,000
Mul7	Risers		Multiple Bldgs	17,000
Mul8	Radios		Multiple Bldgs	15,000
Mul9	Defibrillators		Multiple Bldgs	11,000
Mul10	Sidewalk and Curb Rehabilitation		Multiple Bldgs	10,000
Mul11	Tables		Multiple Bldgs	8,000
Capital Contingency Amount				204,000
				\$ 3,090,000