

**NEW ISSUE
BOOK-ENTRY-ONLY**

**Ratings: Moody's: "A2" AGM Insured; "A2" Underlying
S&P: "AA" AGM Insured; "A" Underlying**

This Official Statement has been prepared by the District to provide information about the Series 2016 Bonds. Selected information is presented on this cover page for the convenience of the reader. To make an informed decision, a prospective investor should read this Official Statement in its entirety.



**WISCONSIN CENTER DISTRICT
\$60,000,000*
SENIOR DEDICATED TAX REVENUE BONDS, SERIES 2016A
(MILWAUKEE ARENA PROJECT)**

Dated:	Date of delivery.
Due:	December 15, as shown on the inside front cover page.
Authorized Denominations:	Current Interest Bonds: \$5,000 or any multiple thereof. Capital Appreciation Bonds: Denominations that will result in the Accreted Value at maturity of each Capital Appreciation Bond being equal to \$5,000 or any integral multiple thereof.
Interest:	Current Interest Bonds: Payable on December 15, 2016 and semi-annually thereafter on each June 15 and December 15. Capital Appreciation Bonds: Payable only at maturity.
Redemption:	The Series 2016 Bonds are subject to optional redemption as described herein. See "DESCRIPTION OF THE SERIES 2016 BONDS – Redemption."
Purpose:	The proceeds from the sale of the Series 2016 Bonds will be used for the purpose of: (i) financing a portion of certain of the costs associated with the initial construction and development of sports and entertainment arena facilities, including an arena, administrative offices, plazas, access ways, sidewalks and walkways, parking, storage, loading and transportation facilities, team stores, a proposed skywalk and outdoor entertainment areas in the City of Milwaukee, Wisconsin; (ii) funding the Senior Debt Service Reserve Account within the Senior Debt Service Reserve Fund for the Series 2016 Bonds; and (iii) paying costs of issuance.
Security:	The Series 2016 Bonds are payable from and secured by a pledge of Tax Revenues, which consist of a Local Food and Beverage Tax, a Local Rental Car Tax, a Basic Room Tax and an Additional Room Tax and certain of the Funds and other monies held under the General Resolution. See "SECURITY FOR THE SERIES 2016 BONDS" and "DISTRICT TAXES." The Series 2016 Bonds are special, limited obligations of the District, and neither the full faith and credit nor the taxing power of the State of Wisconsin, the City of Milwaukee, the County of Milwaukee, or any political subdivision of the State of Wisconsin other than the District (with respect to the Tax Revenues) will be pledged to the payment of the principal of, premium, if any, or interest on the Series 2016 Bonds.
Bond Insurance (for Insured Bonds only):	The scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Series 2016 Bonds maturing on December 15 of the years ____ through ____, inclusive (the "Insured Bonds") when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.
Tax Matters:	Interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference. Interest on the Series 2016 Bonds is exempt from present Wisconsin income taxes. See "TAX MATTERS."
Bond and Disclosure Counsel:	Quarles & Brady LLP.
Trustee:	U.S. Bank National Association.
Book-Entry System:	The Depository Trust Company.
Date of Delivery:	The Series 2016 Bonds are offered when, as and if issued subject to the approval of legality by Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. The Series 2016 Bonds are expected to be delivered through the facilities of The Depository Trust Company in New York, New York on or about ____, 2016.*



MORGAN STANLEY

Citigroup

Siebert Brandford Shank & Co., L.L.C.

Ramirez & Co., Inc.

STIFEL

RBC Capital Markets

US Bancorp

*Preliminary, subject to change.



WISCONSIN CENTER DISTRICT
\$60,000,000* SENIOR DEDICATED TAX REVENUE BONDS,
SERIES 2016A

CURRENT INTEREST BONDS

<u>Maturity*</u> <u>(December 15)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> ⁽¹⁾
2016	\$	%	%	
2017				
2018				
2019				
2020				

CAPITAL APPRECIATION BONDS

<u>Maturity*</u> <u>(December 15)</u>	<u>Original Principal</u> <u>Amount*</u>	<u>Approximate</u> <u>Yield to Maturity</u>	<u>Price Per \$5,000</u> <u>Maturity Amount</u>	<u>CUSIP</u> ⁽¹⁾
2033	\$	%	%	
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				

⁽¹⁾ CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Series 2016 Bonds. The District is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2016 Bonds or as indicated above.

* Preliminary, subject to change.

WISCONSIN CENTER DISTRICT

MEMBERS OF THE BOARD

Scott A. Neitzel, Chairman
James C. Kaminiski, Vice Chairman
Kathy Ehley, Secretary
Joel Brennan, Treasurer

Jason Allen	Stephen H. Marcus
Peter Barca	Martin Matson
Robert Bauman	Ashanti Hamilton
Milele Cogs	Jeff Sherman
Scott Fitzgerald	Jennifer Shilling
James Kanter	Robin Vos
Rebeca Lopez	

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Russell Staerke

GENERAL COUNSEL

Michael, Best & Friedrich LLP

BOND COUNSEL AND DISCLOSURE COUNSEL

Quarles & Brady LLP

UNDERWRITERS' COUNSEL

Nixon Peabody LLP

FINANCIAL ADVISOR

Robert W. Baird & Co. Incorporated

FEASIBILITY CONSULTANT

HVS Convention, Sports &
Entertainment Facilities Consulting

NOTICE TO INVESTORS

General

No dealer, broker, sales representative, or other person has been authorized by the Wisconsin Center District (the "**District**") or the underwriters named on the front cover hereof (the "**Underwriters**") to give any information or make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the District's Senior Dedicated Tax Revenue Bonds, Series 2016A (the "**Series 2016 Bonds**") by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from the District and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the information contained herein since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 2016 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2016 Bonds to certain dealers, dealer banks, and banks acting as agents at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and said public offering prices may be changed from time to time by the Underwriters.

In making an investment decision, investors must rely on their own examination of the District and the terms of the offering, including the merits and risks involved. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision. An investment in the Series 2016 Bonds involves certain risks. See "RISK FACTORS." These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Series 2016 Bonds or the advisability of investing in the Series 2016 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Caution Regarding Forward-Looking Statements

Certain statements in this Official Statement are forward-looking statements that are based on expectations, estimates, projections, or assumptions. When used in this Official Statement, the words "estimate," "intend," "project" or "projection," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties, some of which are discussed herein, that could cause actual results to differ materially from those contemplated in such forward-looking statements. Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Official Statement. Any forward-looking statements are made as of the date of this Official Statement, and the District undertakes no obligation to update such statements to reflect subsequent events or circumstances. Actual results could differ materially from the anticipated results.

DATA RELATED TO PROJECTED DISTRICT TAX REVENUES

THE FINANCIAL PROJECTIONS CONTAINED IN THIS OFFICIAL STATEMENT REPRESENT THE DISTRICT'S BEST ESTIMATES AS OF THE DATE HEREOF. NEITHER THE DISTRICT'S NOR DEER DISTRICT LLC'S INDEPENDENT PUBLIC ACCOUNTANTS NOR ANY OTHER THIRD PARTY, EXCEPT HVS CONVENTION, SPORTS & ENTERTAINMENT FACILITIES CONSULTING (THE "**FEASIBILITY CONSULTANT**"), HAS EXAMINED, REVIEWED OR COMPILED THE PROJECTIONS AND, ACCORDINGLY, NONE OF THE FOREGOING EXPRESSES AN OPINION OR OTHER FORM OF ASSURANCE WITH RESPECT THERETO. THE FEASIBILITY CONSULTANT CONDUCTED A FINANCIAL FEASIBILITY ANALYSIS WITH RESPECT TO THE DISTRICT'S TAX REVENUES (THE "**TAX PROJECTION STUDY**"), AND A COPY OF SUCH TAX PROJECTION STUDY IS ATTACHED TO THIS OFFICIAL STATEMENT AS APPENDIX D. REFERENCE IS MADE THERETO FOR THE OPINIONS EXPRESSED THEREIN. THE ASSUMPTIONS UPON WHICH THE FEASIBILITY CONSULTANT'S PROJECTIONS ARE BASED ARE DESCRIBED IN MORE DETAIL HEREIN. SOME OF THESE ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE, AND UNANTICIPATED EVENTS MAY OCCUR THAT COULD AFFECT THE DISTRICT'S TAX REVENUE RESULTS. THEREFORE, THE DISTRICT'S ACTUAL RESULTS ACHIEVED DURING THE PERIODS COVERED BY THE PROJECTIONS MAY VARY FROM THE PROJECTED RESULTS, AND THESE VARIATIONS COULD MATERIALLY AFFECT THE DISTRICT'S ABILITY TO MAKE THE PAYMENTS OF DEBT SERVICE ON THE SERIES 2016 BONDS. PROSPECTIVE INVESTORS IN THE SERIES 2016 BONDS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THE PROJECTIONS INCLUDED HEREIN.

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OFFICIAL STATEMENT

WISCONSIN CENTER DISTRICT \$60,000,000* SENIOR DEDICATED TAX REVENUE BONDS, SERIES 2016A (MILWAUKEE ARENA PROJECT)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices attached hereto, is furnished by the Wisconsin Center District (the "**District**") to provide information regarding the District's \$60,000,000* Senior Dedicated Tax Revenue Bonds, Series 2016A (the "**Series 2016 Bonds**").

The Series 2016 Bonds are being issued for the purpose of: (i) financing a portion of certain of the costs of the initial development and construction of sports and entertainment arena facilities, including an arena, administrative offices, plazas (including the Public Plaza (as defined below)), access ways, sidewalks and walkways, parking, storage, loading and transportation facilities, team stores, a proposed skywalk and outdoor entertainment areas (the "**Arena**") in the City of Milwaukee, Wisconsin (the "**City**"); (ii) funding of the Senior Debt Service Reserve Account within the Senior Debt Service Reserve Fund for the Series 2016 Bonds; and (iii) paying costs of issuance of the Series 2016 Bonds. Pursuant to agreements described herein, the National Basketball Association franchise currently known as the Milwaukee Bucks (the "**Team**") will play substantially all of its home games in the Arena. The Team has been located in Milwaukee since 1968, and currently plays its home games at the BMO Harris Bradley Center (the "**Current Arena**"), which was opened in 1988. The Team was owned by Senator Herbert H. Kohl ("**Kohl**") from 1985 until its sale in 2014 to an ownership group led by Marc Lasry and Wes Edens.

The Series 2016 Bonds are being issued by the District, a unit of government and a body corporate and politic existing under the laws of the State of Wisconsin (the "**State**"), and a "local exposition district" created under Subchapter II of Chapter 229 of the Wisconsin Statutes, with the taxing powers described in Section 66.0615 and Subchapters VIII and IX of Chapter 77 of the Wisconsin Statutes (collectively, the "**Act**"). 2015 Wisconsin Act 60 ("**Act 60**"), which was signed into law on August 12, 2015, provides that the District may issue bonds and receive a maximum of \$203,000,000 of bond proceeds to fund the development and construction of the Arena. Under Act 60, the District may receive additional bond proceeds to pay issuance or administrative costs related to the bonds, to make deposits in reserve funds related to the bonds, to pay accrued or funded interest on the bonds, and to pay the costs of credit enhancement for the bonds.

The Series 2016 Bonds will be issued pursuant to a general resolution adopted by the Board of Directors of the District (the "**Board of Directors**") on December 20, 1995, as previously amended (the "**General Resolution**"). The Series 2016 Bonds are authorized pursuant to the General Resolution, an authorizing resolution adopted by the Board of Directors on May 20, 2016 (the "**Authorizing Resolution**") thereunder, and an award certificate executed by the Chairperson of the District on _____, 2016 (the "**Award Certificate**"). The Series 2016 Bonds will be issued and secured on a parity with the Prior Senior Bonds (defined below) issued under the General Resolution (collectively, the Series 2016 Bonds, the Prior Senior Bonds and any Additional Senior Bonds issued on a parity therewith ("**Additional Senior Bonds**"), are referred to herein as the "**Senior Bonds**") as to the pledge of the District's Tax Revenues under the General Resolution. The District's Tax Revenues consist of revenues derived from the following four taxes (collectively, the "**District Taxes**"): (i) a Local Food and Beverage Tax, (ii) a Local Rental Car Tax, (iii) a

* Preliminary, subject to change.

Basic Room Tax (the revenues derived from the Local Food and Beverage Tax, the Local Rental Car Tax, and the Basic Room Tax are collectively referred to herein as the "**Restricted Tax Revenues**"), and (iv) an Additional Room Tax (the revenues derived from the Additional Room Tax are collectively referred to herein as the "**Unrestricted Tax Revenues**" and with the Restricted Tax Revenues, the "**Tax Revenues**"). See "DISTRICT TAXES" herein. The rights to the pledged Tax Revenues of the owners of the Senior Bonds are superior to the rights to the pledged Tax Revenues of the owners of the Prior Junior Bonds (hereinafter defined) and any Additional Bonds issued on a parity with the prior Junior Bonds (the "**Junior Bonds**"). See "SECURITY FOR THE SERIES 2016 Bonds – Outstanding Bonds" herein. The General Resolution, the Authorizing Resolution, and the Award Certificate are collectively referred to herein as the "**Bond Resolutions**." U.S. Bank National Association serves as the Trustee under the General Resolution.

The District has proposed to amend certain portions of the General Resolution relating to (i) providing for a Senior Bond Debt Service Reserve Fund that is series specific with a series specific Debt Service Reserve Fund Requirement as an alternative to the parity Debt Service Reserve Fund for all Senior Bonds, and (ii) amending certain requirements for the issuance of Additional Bonds. By purchasing the Series 2016 Bonds the Owner of the Series 2016 Bonds will be deemed to have consented to the proposed amendments to the General Resolution described herein. See "AMENDMENTS TO GENERAL RESOLUTION" herein.

This Official Statement includes descriptions of the security for the Series 2016 Bonds, summaries of the terms of the Series 2016 Bonds, and summaries of certain provisions of the Act, Act 60, certain related laws, the Bond Resolutions, the Principal Agreements (defined herein) and the Tax Projection Study (defined herein). All references herein to laws, agreements, and documents are qualified in their entirety by reference to the definitive forms thereof. Certain capitalized terms used in this Official Statement are defined in APPENDIX A hereto, and unless otherwise indicated, have the respective meanings set forth therein.

PLAN OF FINANCE

Overview of Financing for the Arena

The development and construction costs of the Arena, including the parking facilities to be owned by the City and operated by ArenaCo and connected to the Arena by a proposed skywalk (the "**Parking Facilities**"), are currently estimated at \$524,000,000 ("**Project Costs**"). The District will pay \$203,000,000 of this amount (the "**District Commitment**") from proceeds of the Series 2016 Bonds, as well as proceeds from (i) its \$101,490,000* Appropriation Revenue Bonds, Series 2016 (the "**Appropriation Bonds**"); and (ii) its \$35,000,000* Senior Ticket Surcharge and Annual Fee Revenue and Subordinate Unrestricted Tax Revenue Bonds, Series 2016A (Taxable) (the "**Private Placement Bonds**"), which are expected to be sold in a private placement.

The Series 2016 Bonds, the Appropriation Bonds and the Private Placement Bonds are expected to be issued simultaneously. The Tax Revenues pledged to the payment of the Series 2016 Bonds are not related to the appropriated funds from which the Appropriation Bonds are payable. No Tax Revenues pledged on a parity with the Series 2016 Bonds will be pledged to the Appropriation Bonds or the Private Placement Bonds. The Appropriation Bonds will be payable solely out of amounts appropriated for the 2016-17 fiscal year of the State and amounts subject to future annual appropriation by the Legislature of the

* Preliminary, subject to change.

State as provided for under Act 60. The Private Placement Bonds will be payable from (i) Unrestricted Tax Revenues no longer pledged to Series 2016 Bonds and other Bonds issued under the General Resolution, including the Prior Bonds and any future Additional Bonds (see "SECURITY FOR THE SERIES 2016 BONDS – Outstanding Bonds"); (ii) all amounts received by the District as an annual rental fee (the "**Annual Fees**") from Deer District LLC ("**ArenaCo**") pursuant to the Arena Lease, Management and Operations Agreement dated as of April 13, 2016, between the District and ArenaCo, as amended (the "**Arena Agreement**"); and (iii) 75% of amounts received by the District from ArenaCo as ticket surcharges (the "**District Ticket Surcharge**") (see "APPENDIX E – SUMMARIES OF PRINCIPAL AGREEMENTS – ARENA AGREEMENT – Payments to District"). The Annual Fees and the District Ticket Surcharge revenues are not Tax Revenues and are not part of the Trust Estate (hereinafter defined) pledged under the General Resolution to the payment of the Series 2016 Bonds.

The following parties have committed to pay the remaining Project Costs as follows: (i) the City has agreed to pay \$35,000,000 of Project Costs for the Parking Facilities and \$12,000,000 of Project Costs for the Public Plaza (the "**City Commitment**"); (ii) Kohl has gifted \$100,000,000 for the purpose of facilitating the construction of the Arena (the "**Kohl Commitment**"); and (iii) ArenaCo has agreed to pay or cause to be paid all Project Costs exceeding the District Commitment, the City Commitment and the Kohl Commitment (the "**ArenaCo Commitment**").

As required by Act 60, the Secretary of the Department of Administration of the State of Wisconsin (the "Secretary of Administration") has certified that, as a result of the Kohl Commitment and the ArenaCo Commitment, the Team or its affiliates have agreed to fund at least \$250,000,000 of the development and construction of the Arena. For more information, including with respect to the sequencing and status of payments under the above commitments, see "ALLOCATION OF PROJECT COSTS."

Application of Proceeds of the Series 2016 Bonds

The Series 2016 Bonds are being issued for the purpose of: (i) financing a portion of the costs associated with the initial development and construction of the Arena; (ii) funding a Senior Debt Service Reserve Account within the Senior Debt Service Reserve Fund for the Series 2016 Bonds; and (iii) paying costs of issuance of the Series 2016 Bonds.

SOURCES AND USES

The expected sources and uses of funds for the Series 2016 Bonds are as follows:

Sources

Par Amount of Series 2016 Bonds	\$
Net Original Issue Premium/Discount	
Total:	<u>\$</u>

Uses

Deposit to Construction Account within Project Fund	\$
Costs of Issuance	
Underwriters' Discount	
Total:	<u>\$</u>

DESCRIPTION OF THE SERIES 2016 BONDS

General

The Series 2016 Bonds issued as Current Interest Bonds (the "**Series 2016 Current Interest Bonds**") will be issued in fully registered form in denominations of \$5,000 and multiples thereof. The Series 2016 Current Interest Bonds will mature on December 15 of the years, and bear interest from the date of issuance payable on December 15, 2016 and semi-annually thereafter on each June 15 and December 15 (based on a 360 day year of twelve 30-day months) at the rates, shown on the inside front cover page of this Official Statement.

The Series 2016 Bonds issued as Capital Appreciation Bonds (the "**Series 2016 Capital Appreciation Bonds**") shall be issued in fully registered form, without coupons, in denominations that will result in the Accreted Value at maturity of each Capital Appreciation Series 2016 Bond being equal to \$5,000 or any integral multiple thereof. The Series 2016 Capital Appreciation Bonds will mature on December 15 of the years, and bear interest from the date of issuance, compounded semi-annually on each June 15 and December 15 (based on a 360 day year of twelve 30-day months) commencing December 15, 2016, at the approximate yields to maturity set forth on the inside front cover page of this Official Statement. The Accreted Value of the Series 2016 Capital Appreciation Bonds will be payable only at maturity.

The Accreted Value per \$5,000 maturity amount of the Series 2016 Capital Appreciation Bonds on June 15 and December 15 is the Original Principal Amount of such Bond with accrued interest as set forth in "APPENDIX H – TABLE OF ACCRETED VALUES," and with respect to any date other than June 15 or December 15, the Accreted Value shall be determined conclusively by the Trustee or a certified public accountant selected by the Trustee, by interpolating such Accreted Value, using the straight line method, by reference to the Accreted Values on the June 15 or December 15 immediately prior to and subsequent to such date, and the number of days (based on a year of 360 days consisting of twelve 30-day months) elapsed since the June 15 or December 15 immediately prior to such date, and applying the formula contained in the definition of Accreted Value set forth in the General Resolution.

Redemption^{*}

Optional Redemption

The Series 2016 Bonds maturing on or after December 15, ____ are subject to redemption prior to maturity on or after December 15, ____ at the option of the District, in whole or in part on any Business Day and if in part by maturities or portions thereof designated by the District (less than all of a single maturity of such Series 2016 Bonds to be selected by lot in such manner as may be designated by the Trustee), at the redemption price of par plus accrued interest to the date of redemption (which is equal to the Accreted Value of Series 2016 Capital Appreciation Bonds on the redemption date).

The Series 2016 Bonds may be called for optional redemption by the Trustee pursuant to the Award Certificate upon receipt by the Trustee at least forty-five (45) days prior to the redemption date of written notice from the District to the effect that the District has elected to redeem such Series 2016 Bonds in a specified amount on a redemption date permitted under the Resolution and that on or before such redemption

^{*} Preliminary, subject to change.

date that the District shall deposit with the Trustee an amount of funds sufficient to pay the redemption price of such Bonds. Such notice shall specify the principal amount of the Series 2016 Bonds so to be called for redemption, the applicable redemption price or prices and the provision of the Resolution pursuant to which such Series 2016 Bonds are to be called for redemption.

If and when any of the Series 2016 Bonds shall be called for redemption and payment prior to the stated maturity thereof, the Trustee shall give written notice in the name of the District that such Series 2016 Bonds will be redeemed and paid at the office of the Trustee. Mailed notice of redemption shall be given by certified mail, postage prepaid in the case of any Owner of more than \$5,000,000 of Outstanding Series 2016 Bonds and by first class mail, postage prepaid for all other Owners of Series 2016 Bonds to be redeemed, mailed not less than thirty (30) days but not more than sixty (60) days prior to the redemption date, to each Owner of the Series 2016 Bonds to be redeemed, at the address appearing in the Bond Register.

On or before the redemption date, the District shall deposit or cause to be deposited with the Trustee money sufficient and available to pay the redemption price of and accrued interest on the Series 2016 Bonds to be redeemed on that date, and from and after such date, notice having been given and deposit having been made in accordance with the Resolution, then, notwithstanding that any Series 2016 Bonds called for redemption have not been surrendered, no further interest shall accrue on any such Series 2016 Bonds. From and after such redemption date (such notice having been given and such deposit having been made) the Series 2016 Bonds to be redeemed shall not be deemed to be Outstanding under the General Resolution.

SECURITY FOR THE SERIES 2016 BONDS

General

Bonds issued under the General Resolution are secured by a pledge of the District's Tax Revenues, the Funds (except the Operating Fund and the Rebate Fund) created under the General Resolution, and any other property (except for Defeasance Securities) delivered from time to time to the Trustee as additional security under the General Resolution (collectively, the "**Trust Estate**"). The rights of Senior Bonds to the pledged Tax Revenues are superior to the rights of Junior Bonds, and Senior Bonds have prior access to the Funds created under the General Resolution (except for the Operating Fund and the Rebate Fund, which do not secure any of the Bonds, and the Junior Debt Service Reserve Fund, which secures only the Junior Bonds).

The Series 2016 Bonds are special, limited obligations of the District. Neither the full faith and credit nor the taxing power of the State of Wisconsin, the City of Milwaukee, the County of Milwaukee, or any political subdivision of the State of Wisconsin other than the District with respect to the Tax Revenues will be pledged to the payment of the principal of, premium, if any, or interest on the Series 2016 Bonds. The payment of principal of, and interest on, the Series 2016 Bonds is not secured by revenues derived from the operations of the District or the District's facilities. The Series 2016 Bonds are not secured by any lien on any of the District's physical facilities or operating revenues.

In making their investment decision, prospective purchasers of the Series 2016 Bonds should consider, among other things, the projected Tax Revenues described in the Tax Projection Study, the debt service requirements of the Outstanding Bonds, and the circumstances under which additional Senior and Junior Bonds are permitted to be issued.

Flow of Tax Revenues Under the General Resolution

Under the Act, the District has the power to levy the District Taxes. See "DISTRICT TAXES" below. The District has covenanted in the General Resolution neither to do nor suffer to be done anything that will have the effect of reducing the Tax Revenues to be collected pursuant to the Tax Resolutions (as defined in the General Resolution) or of reducing the rates of tax provided for in the Tax Resolutions.

Restricted and Unrestricted Tax Revenues

Under the Act, the Restricted Tax Revenues may only be used for payment of the District's debt service on its bond obligations. Use of the Unrestricted Tax Revenues is not limited by the Act to payment of debt service on the District's bond obligations, but the District has pledged all the District's Tax Revenues, including the Unrestricted Tax Revenues, under the General Resolution as security for payment of the Bonds.

Remittance to the Trustee

The State of Wisconsin Department of Revenue (the "**Department of Revenue**") collects the District Taxes for the District and has agreed to remit the Tax Revenues directly to the Trustee on a monthly basis. Pursuant to the General Resolution, upon receipt, the Trustee is required to deposit all the Restricted Tax Revenues into the Restricted Tax Revenues Account of the Revenue Fund and all the Unrestricted Tax Revenues into the Unrestricted Tax Revenues Account of the Revenue Fund. All money deposited in the Revenue Fund other than Tax Revenues is deposited in the General Account of the Revenue Fund.

Quarterly Requirement

Money is transferred out of the Revenue Fund in the manner described below to satisfy the "Quarterly Requirement" of certain Funds and Accounts under the General Resolution prior to allowing any monies to flow into the Operating Fund (which is outside of the Trust Estate).

The Quarterly Requirement means, on each Quarterly Transfer Date (March 1, June 1, September 1, and December 1), for each Interest Account, Principal Account, and Bond Expense Account within a Bond Fund: (a) any unpaid Adjusted Debt Service Requirements from prior Bond Years applicable to that Account plus (b) the product of the Adjusted Debt Service Requirements for the then-current Bond Year applicable to such Account multiplied by the applicable Aggregate Quarterly Requirement Percentage, as follows:

Quarterly Transfer Date	Aggregate Quarterly Requirement Percentage
March 1	30%
June 1	60%
September 1	90%
December 1	100%

Any regularly scheduled payments of principal, interest, and/or Bond-Related Costs previously paid during the then-current Bond Year are credited against the Quarterly Requirement of each applicable Account when determining compliance with the Quarterly Requirement for such Account during the then-current Bond Year.

Quarterly Transfers from the Revenue Fund

Money on deposit in the Revenue Fund is required to be transferred on each Quarterly Transfer Date and on each Payment Date (June 15 and December 15) to the following Funds and Accounts in the order set forth below.

1. To the Senior Bond Fund, for credit to:
 - a. the Senior Interest Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement;
 - b. the Senior Principal Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement; and
 - c. the Senior Bond Expense Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement;
2. To the Senior Debt Service Reserve Fund, an amount sufficient to cause the amount on deposit to equal the Senior Debt Service Reserve Fund Requirement;
3. To any Senior Credit Facility Account in the Senior Bond Fund, an amount sufficient to pay any principal or interest then owing to a Credit Provider under the applicable Series Resolution and Credit Agreement by reason of any drawing of amounts under the related Credit Facility;
4. To the Junior Bond Fund, for credit to:
 - a. the Junior Interest Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement;
 - b. the Junior Principal Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement; and
 - c. the Junior Bond Expense Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement;
5. To the Section 229.50 Accounts and any Series Reserve Account in the Junior Debt Service Reserve Fund, on a pro rata basis, an amount sufficient to cause the amount on deposit in each such Account to equal the applicable Junior Debt Service Reserve Fund Requirement;
6. To any Junior Credit Facility Account in the Junior Bond Fund, an amount sufficient to pay any principal or interest then owing to a Credit Provider under the applicable Series Resolution and Credit Agreement by reason of any drawing of amounts under the related Credit Facility;
7. To the Special Redemption Fund, as directed in a certificate of a District Representative; and

8. To the Operating Fund, except that no Restricted Tax Revenues may be transferred to the Operating Fund. (Money on deposit in the Operating Fund is not pledged as part of the Trust Estate under the General Resolution.)

In making such transfers, funds in the Restricted Tax Revenues Account of the Revenue Fund shall be expended first, funds in the General Account of the Revenue Fund shall be expended second, and funds in the Unrestricted Tax Revenues Account of the Revenue Fund shall be expended third.

Restricted Tax Revenues not otherwise applied to the payment of debt service on Outstanding Bonds as set forth in the transfers described above shall remain on deposit and accumulate in the Restricted Tax Revenues Account of the General Resolution.

The Private Placement Bonds

As noted under "PLAN OF FINANCE," simultaneously with the issuance of the Series 2016 Bonds, the District expects to issue its Private Placement Bonds. Such bonds will be payable from and secured by the Unrestricted Tax Revenues in the Operating Fund which have been deposited into the Surplus Account and which are available to be released to the District free and clear of the lien of the General Resolution.

Deficiencies in the Senior Interest Account or Senior Principal Account

If, on any Payment Date, the amount then on deposit in the Senior Interest Account or the Senior Principal Account is not sufficient to pay the principal of and interest on all Outstanding Senior Bonds then due, the Trustee shall promptly withdraw from certain other Funds and Accounts created under the General Resolution, in the following order, and transfer to the Senior Interest Account or Senior Principal Account, as appropriate, an amount equal to the deficiency:

1. The Revenue Fund and, within such Fund, *first*, the Restricted Tax Revenues Account, *second*, the General Account, and *third*, the Unrestricted Tax Revenues Account;
2. The Special Redemption Fund (other than amounts held therein to pay and redeem Bonds for which notice of redemption has theretofore been given, and amounts held therein to defease Outstanding Bonds);
3. The Junior Bond Expense Account;
4. The Junior Principal Account;
5. The Junior Interest Account;
6. The Senior Bond Expense Account;
7. The Senior Principal Account (for deficiencies in the Senior Interest Account);
8. The Senior Interest Account (for deficiencies in the Senior Principal Account);
9. The Senior Debt Service Reserve Fund; and
10. The Project Fund (to the extent permitted by the applicable Series Resolution).

Deficiencies in the Senior Interest Account shall be fully cured prior to curing any deficiency in the Senior Principal Account. Deficiencies in the Senior Interest Account and/or the Senior Principal Account shall be fully cured prior to curing any deficiencies in the Junior Interest Account and/or Junior Principal Account, except for deficiencies in the Junior Interest Account and/or Junior Principal Account which are cured by transfers from the Junior Debt Service Reserve Fund. Money that is either in the Junior Debt Service Reserve Fund or transferred from the Junior Debt Service Reserve Fund to the Junior Interest Account or the Junior Principal Account may not be transferred to the Senior Interest Account or the Senior Principal Account.

Senior Debt Service Reserve Fund

The Senior Bonds are secured by the Senior Debt Service Reserve Fund. The Senior Debt Service Reserve Fund is required to be funded in an amount equal to the Senior Debt Service Reserve Fund Requirement, which is an amount equal to the maximum amount of principal and interest to become due during the current or any succeeding Bond Year on all Senior Bonds then Outstanding, as further described in "APPENDIX A – DEFINITIONS OF CERTAIN TERMS" and "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Senior Debt Service Reserve Fund (Section 4.7)" herein. Upon the issuance of the Series 2016 Bonds, a Senior Debt Service Reserve Account within the Debt Service Reserve Fund will be established for the Series 2016 Bonds. The Senior Debt Service Reserve Account for the Series 2016 Bonds will be funded in an amount equal to the maximum amount of the principal of and interest to become due during the current or any succeeding Bond Year on the Series 2016 Bonds, the Senior Debt Service Reserve Fund Requirement applicable to the Series 2016 Bonds. The Senior Debt Service Reserve Fund Requirement applicable to the Series 2016 Bonds will be satisfied by the issuance of a Debt Service Reserve Fund Surety Bond for the Series 2016 Bonds by Assured Guaranty Municipal Corp. ("**AGM**") (the "**Series 2016 Surety Bond**"). AGM has committed to issue the Series 2016 Surety Bond and the Series 2016 Surety Bond will be deposited to the credit of the Senior Debt Service Reserve Account for the Series 2016 Bonds. For further information describing AGM, see "BOND INSURANCE – Assured Guaranty Municipal Corp." herein.

At the time of issuance of the Series 1996A Senior Bonds (defined below), the District obtained a Debt Service Reserve Fund Surety Bond (the "**Series 1996A Surety Bond**") issued by MBIA Insurance Corporation ("**MBIA**") to satisfy the Senior Debt Service Reserve Fund Requirement for the 1996A Senior Bonds. The amount available under the Series 1996A Surety Bond may not exceed \$7,400,000, and the Series 1996A Surety Bond is in effect until the earlier of the final maturity date of the 1996A Senior Bonds or the date on which all payments required to be made on the 1996A Senior Bonds have been made.

At the time of issuance of the Series 2003A Senior Bonds (defined below), the District obtained a Debt Service Reserve Surety Bond (the "**Series 2003A Surety Bond**") issued by Financial Security Assurance Inc. (now known as Assured Guaranty Municipal Corp.) to satisfy the Senior Debt Service Reserve Fund Requirement for the Series 2003A Senior Bonds. The amount available under the 2003A Surety Bond may not exceed \$7,310,000, and the Series 2003A Surety Bond is in effect until the earlier of the final maturity date of the Series 2003A Senior Bonds or the date on which all payments on the Series 2003A Senior Bonds have been made.

MBIA and AGM, each have certain rights that were negotiated solely for their own benefit that remain in effect so long as the applicable series of bonds is outstanding or such rights are amended by such credit facility providers. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Bond Insurer Rights Under Award Certificate."

See "RISK FACTORS – Credit Facility Providers and Debt Service Reserve Account Credit Facility Providers" for a discussion concerning the Series 1996A Surety Bond, the Series 2003A Surety Bond and the Series 2016 Surety Bond.

Summary of General Resolution

For a more complete summary of the provisions of the General Resolution, including the funds and accounts established thereby, the investment of such funds, covenants and representations of the District, the priority of payments into and from such funds, events of defaults and remedies, the duties of the Bond Trustee, amendments to the General Resolution, and the satisfaction and discharge of the General Resolution, see "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION."

State Pledge Regarding the Bonds

Under the Act, the State has pledged that it will not limit or alter the rights and powers vested in the District by the Act while Bonds remain outstanding. Section 229.53 of the Wisconsin Statutes provides as follows, with respect to a local exposition district:

The state pledges to and agrees with the bondholders, and persons that enter into contracts with a district under this subchapter, that the state will not limit or alter the rights and powers vested in a district by this subchapter, including the rights and powers under s. 229.44(15), before the district has fully met and discharged the bonds, and any interest due on the bonds, and has fully performed its contracts, unless adequate provision is made by law for the protection of the bondholders or those entering into contracts with a district.

The rights and powers under s. 229.44(15) refer to the District's authority to impose the District Taxes.

No State Responsibility and No Moral Obligation Pledge

Act 60 provides that the State is not responsible for equipping, maintaining, operating, improving, and repairing the Arena. Further, Act 60 provides that the State's moral obligation pledge (which the State has provided to replenish shortfalls in junior debt service reserve funds of certain other District junior bonds) does not apply to bonds issued by the District to fund construction of the Arena.

Outstanding Bonds

As of June 15, 2016, the District will have the following bonds outstanding issued pursuant to the General Resolution:

- \$63,455,547.60 Senior Dedicated Tax Revenue Bonds, Series 1996A (the "**Series 1996A Senior Bonds**"), of which an accreted value of \$64,305,570.80 remains outstanding, and which have a final maturity date of December 15, 2027;

- \$7,804,891.65 Senior Dedicated Tax Revenue Refunding Bonds, Series 2003A, of which an accreted value of \$16,116,662.45 remains outstanding, and which have a final maturity date of December 15, 2032 (the "**Series 2003A Senior Bonds**" and, collectively with the Series 1996A Senior Bonds the "**Prior Senior Bonds**");
- \$125,775,000 Junior Dedicated Tax Revenue Refunding Bonds, Series 1999, of which an aggregate principal amount of \$117,725,000 remains outstanding, and which have a final maturity date of December 15, 2027 (the "**Series 1999 Junior Bonds**"), which are subordinate to the Senior Bonds; and
- \$28,235,000 Junior Dedicated Tax Revenue Refunding Bonds, Series 2013A, of which the principal amount of \$26,310,000 remains outstanding, and which have a final maturity date of December 15, 2032 (the "**Series 2013A Junior Bonds**" and, together with the Series 1999 Junior Bonds, the "**Prior Junior Bonds**" and collectively with the outstanding Prior Senior Bonds, the "**Prior Bonds**"), which are subordinate to the Senior Bonds.

The Series 1999A Junior Bonds have access to certain accounts within the Junior Debt Service Reserve Fund (the "Section 229.50 Accounts") which are supported by the State's "moral obligation" pledge under Section 229.50(7) of the Wisconsin Statutes. Pursuant to Section 229.50(7), the State legislature has pledged to make an appropriation of funds necessary to replenish any shortfalls in the Section 229.50 Accounts. The Series 2016 Bonds do not have access to the Section 229.50 Accounts, and thus do not benefit from the State's "moral obligation" pledge.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2016 Bonds, AGM will issue its Municipal Bond Insurance Policy (the "**Policy**") for the Series 2016 Bonds maturing on December 15 of the years ____ through ____, inclusive (the "**Insured Bonds**"). The Policy guarantees the scheduled payment of principal of (or in the case of Capital Appreciation Bonds, the accreted value) and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("**AGL**"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("**KBRA**") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("**Moody's**"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be

obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 29, 2015, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 8, 2015, Moody's published a credit opinion maintaining its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 10, 2015, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Capitalization of AGM

At March 31, 2016, AGM's policyholders' surplus and contingency reserve were approximately \$3,742 million and its net unearned premium reserve was approximately \$1,530 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "**AGM Information**") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Series 2016 Bonds or the advisability of investing in the Series 2016 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE."

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DISTRICT TAXES

General Description

As noted above, the District has the power to levy four taxes comprising the District Taxes: (i) a Local Food and Beverage Tax, (ii) a Local Rental Car Tax, (iii) a Basic Room Tax, and (iv) an Additional Room Tax. On August 24, 1994, the District adopted a resolution imposing each such tax, with the new taxes taking effect on January 1, 1995. An increased rate for the Local Food and Beverage Tax became effective in July 2010, and an increased rate for the Basic Room Tax became effective in January 2011. Act 60 eliminated statutory provisions that previously provided for the elimination of the District Taxes after the final payment of the Prior Bonds. The following is a summary of the District Taxes:

Description of Tax	Jurisdiction Where Tax Imposed	Current Tax Rate	Maximum Tax Rate
Local Food and Beverage Tax	District-Wide	0.5%	0.5%
Local Rental Car Tax	District-Wide	3.0%	4.0%
Basic Room Tax	District-Wide	2.5%	3.0%
Additional Room Tax	City of Milwaukee	7.0%	7.0%

District Taxes are imposed on a seller's taxable gross receipts. Gross receipts is the total amount of the sale or rental price, whether received in money or something other than money. Gross receipts do not include federal, state, and local taxes measured by a stated percentage of sales price or gross receipts (for example, the Wisconsin state and county sales tax). District Taxes imposed on a seller may be passed on by the seller to its customers; however, the seller is subject to the District Taxes even if the tax is not collected from customers.

Each of the District Taxes is collected, administered, and enforced for the District by the Department of Revenue. Each taxpayer is required to report its liability for District Taxes to the Department of Revenue, and remit the full amount of such taxes, on or before the last day of the month following the end of such taxpayer's reporting period. Initially, each taxpayer has a quarterly reporting period. Depending on the amount of the quarterly tax liability, the Department of Revenue may notify a taxpayer that its reporting period has been changed from quarterly to monthly or annually.

Under the Act, the amounts collected by the Department of Revenue on behalf of the District, less a 2.55% statutory deduction which is retained by the Department of Revenue to cover its administrative expenses, must be paid by the Department of Revenue to the District no later than the end of the month following the end of the calendar quarter in which the amounts were collected. The District has entered into an agreement with the Department of Revenue under which the Department of Revenue has agreed to remit the net amounts collected, less the statutory deduction, by the 20th day of the month following the month in which the taxes are collected by the Department of Revenue.

Local Food and Beverage Tax

The District currently imposes the Local Food and Beverage Tax at the rate of 0.5% (the maximum rate permitted under the Act) on the gross receipts derived from the sales of food and beverages (including cover, minimum, entertainment, service, or other charges to patrons) that are subject to the Wisconsin sales or use tax. The District Board voted in 2009 to increase the Local Food and Beverage Tax to the maximum rate, effective July 1, 2010. Subject to certain limited exceptions, the tax is imposed on all such sales within the District's jurisdiction. A sale is considered to take place where possession of the food and beverages transfers from the seller or the seller's agent to the buyer or the buyer's agent. A common carrier and the United States Postal Service are deemed agents of the seller regardless of what party is responsible for paying the freight or postage.

Pursuant to Act 60, the Local Food and Beverage Tax is no longer imposed on certain retail sales for retailers under North American Industry Classification System sector 44-45, subsector 445 (food and beverage stores, primarily groceries) beginning on the first day of the calendar quarter that is at least 120 days after the date on which the Series 1996A Senior Bonds and Series 1999 Junior Bonds, or any debt issued to refund the Series 1996A Senior Bonds and Series 1999 Junior Bonds, are retired. However, the District's Board of Directors may, by a majority vote, reimpose the Local Food and Beverage Tax on those retail sales. Under Act 60, the Local Food and Beverage Tax must first be used for the District's debt service on its bond obligations, and after such obligations are retired, the District may use the Local Food and Beverage Tax for any lawful purpose.

Local Rental Car Tax

The District currently imposes the Local Rental Car Tax at the rate of 3.0% on the gross receipts derived from the rental (for a period of 30 days or less) of motor vehicles designed and used primarily for carrying persons, by establishments engaged in business within the District which are primarily engaged in the short-term rental of passenger cars without drivers. A rental is deemed to take place at the location where the motor vehicle comes into the lessee's possession. The Local Rental Car Tax is not levied on the rental of motor vehicles which are exempted from the State sales tax.

Under the Act, the maximum rate for the Local Rental Car Tax is 4.0%. The Local Rental Car Tax cannot be raised from 3.0% to 4.0%, however, until and unless the State of Wisconsin makes a payment under Section 229.50(7) of the Wisconsin Statutes, pursuant to its moral obligation pledge, to the Section 229.50 Accounts within the Junior Debt Service Reserve Fund (applicable to the Series 1999 Junior Bonds). Under the Act, if the State of Wisconsin makes such a payment, a majority of the District's authorized Board of Directors may vote to increase the rate of the Local Rental Car Tax to 4.0%. On August 24, 1995, a majority of the District's Board voted that if the State of Wisconsin makes such a payment, the rate of the Local Rental Car Tax will increase to 4.0%. However, the resolution has no effect, because the Act provides that such an increase can only be adopted following a payment under Section 229.50(7) of the Wisconsin Statutes.

Basic Room Tax

The District currently imposes the Basic Room Tax at the rate of 2.5% on the gross receipts derived from the furnishing at retail (except sales for resale) of rooms or lodging to transients by hotelkeepers, motel operators, and other persons furnishing accommodations that are available to the public. In order for the lodging to qualify as transient, the lodging has to be furnished to a person for a continuous period of less than one month. Subject to certain limited exceptions, the tax is imposed on all such lodging within the District's jurisdiction. Effective January 1, 2011, the Basic Room Tax was increased by 0.5% to the current rate. The resolution by which the Board of Directors increased the Basic Room Tax provided that the revenue generated by the additional rate of 0.5% will be paid, net of the statutory deduction retained by the Department of Revenue, to Visit Milwaukee for its use in marketing and promotion of tourism for the greater Milwaukee area, subject to the pledge of such Basic Room Tax revenues under the General Resolution.

The District has the statutory authority to increase the tax rate of the Basic Room Tax from the current rate up to a maximum rate of 3.0%. The District has previously adopted resolutions which automatically increase the Basic Room Tax in the event that the amount on deposit in the Section 229.50 Accounts within the Junior Debt Service Reserve Fund is less than the Junior Debt Service Reserve Fund Requirement applicable to the Series 1999 Junior Bonds. On August 24, 1994, the District Board adopted a resolution providing that if the balance in a special debt service reserve fund of the District is less than the applicable special debt service reserve fund requirement, the Basic Room Tax rate shall become 3.0% as of the next succeeding January 1, April 1, July 1, or October 1, and such tax rate is irrevocable if any bonds issued by the District and secured by a special debt service reserve fund are outstanding. Because the Section 229.50 Accounts within the Junior Debt Service Reserve Fund have been designated as a special debt service fund of the District, in the event the amount on deposit in the Section 229.50 Accounts is less than the applicable Junior Debt Service Reserve Fund Requirement associated with the Series 1999 Junior Bonds on any Payment Date, the Basic Room Tax rate will thus become 3.0% as of the next succeeding January 1, April 1, July 1, or October 1.

Additional Room Tax

Under the Act, if the sponsoring municipality of a local exposition district ceases to impose a room tax, such local exposition district may impose an Additional Room Tax at the same percentage rate as was then in effect in the sponsoring municipality. The City of Milwaukee, which is the sponsoring municipality of the District, repealed its 7.0% room tax effective as of January 1, 1995. Consequently, an Additional Room Tax of 7.0% was adopted by the District on August 24, 1994, and became effective on January 1, 1995.

The Additional Room Tax is imposed by the District on the gross receipts derived from the furnishing at retail (except sales for resale) of rooms or lodging to transients by hotelkeepers, motel operators, and other persons furnishing accommodations that are available to the public. In order for the lodging to qualify as transient, the lodging has to be furnished to a person for a continuous period of less than one month. Subject to certain limited exceptions, the tax is imposed on all such lodging within the portion of the District's jurisdiction consisting of the City of Milwaukee. The Additional Room Tax is not assessed in the remainder of the District's jurisdiction consisting of the remainder of Milwaukee County. Under the Act, the District has no authority to increase the 7% Additional Room Tax rate.

Historical Tax Revenues

The following table, which is adapted from tables presented in the Tax Projection Study (as defined herein), sets forth historical District Taxes for the calendar years 2000-2015.

District Tax Revenues 2000-2015

Year	Basic Room Tax		Additional Room Tax		Local Food and Beverage Tax		Local Rental Car Tax		Total*	
	\$	% change	\$	% change	\$	% change	\$	% change	\$	% change
2000	2,460,360		6,260,790		2,686,332		2,036,618		13,444,099	
2001	2,692,689	9%	6,858,331	10%	3,019,220	12%	1,801,897	-12%	14,372,137	7%
2002	2,682,761	0%	6,952,926	1%	3,094,826	3%	1,678,319	-7%	14,408,832	0%
2003	2,713,118	1%	7,188,781	3%	3,173,924	3%	1,673,079	0%	14,748,903	2%
2004	2,718,028	0%	7,058,358	-2%	3,484,154	10%	1,842,475	10%	15,103,015	2%
2005	2,959,062	9%	7,744,570	10%	3,155,640	-9%	1,674,956	-9%	15,534,228	3%
2006	3,175,093	7%	8,411,492	9%	3,625,404	15%	2,093,953	25%	17,305,943	11%
2007	3,324,320	5%	8,769,839	4%	3,974,303	10%	2,056,518	-2%	18,124,979	5%
2008	3,608,095	9%	9,285,558	6%	4,049,855	2%	2,181,316	6%	19,124,824	6%
2009	2,950,327	-18%	7,572,638	-18%	3,991,474	-1%	1,931,213	-11%	16,445,652	-14%
2010†	3,575,375	21%	9,306,364	23%	6,385,471	60%	2,315,704	20%	21,582,914	31%
2011‡	4,698,986	31%	9,938,361	7%	8,901,044	39%	2,539,854	10%	26,078,247	21%
2012	4,908,284	4%	10,482,184	5%	9,405,832	6%	2,414,379	-5%	27,210,680	4%
2013	5,307,845	8%	11,395,906	9%	9,624,199	2%	2,389,031	-1%	28,716,982	6%
2014	5,643,580	6%	12,344,695	8%	10,004,053	4%	2,595,397	9%	30,587,726	7%
2015	6,075,990	8%	13,240,998	7%	10,653,854	6%	2,642,869	2%	32,613,711	7%
Average (last 15 years)		6.7%		5.5%		10.7%		2.3%		6.5%
Average (last 10 years)		8.2%		6.0%		14.3%		5.2%		8.3%
Average (last 5 years)		11.6%		7.3%		11.6%		2.8%		8.8%

Source: Tax Projection Study.

† Effective July 1, 2010, the Local Food and Beverage Tax was increased from 0.25% to 0.5%.

‡ Effective January 1, 2011, the Basic Room Tax was increased from 2.0% to 2.5%.

TAX PROJECTION STUDY

The District has commissioned HVS Convention, Sports & Entertainment Facilities Consulting (the "**Feasibility Consultant**") to prepare a Tax Projection Study (the "**Tax Projection Study**"), which is attached hereto as APPENDIX D. The following table, which combines Figure 5-9 and Figure 5-10 in the Tax Projection Study, summarizes projected District collections from Tax Revenues.

Projected District Tax Revenues (Thousands of Dollars)

Year	Basic Room Tax	Additional Room Tax	Food & Beverage Tax	Local Car Rental Tax	Total Tax	Less Admin Fees (2.55%)	Plus Admin Fees Rebate*	District Tax Collections	% Projected Annual Increase
2015									
(actual)	\$6,076	\$13,241	\$10,654	\$2,643	\$32,614	(\$832)	\$677	\$32,459	
2016	6,319	13,771	10,973	2,709	33,772	(861)	701	33,612	3.55%
2017	6,572	14,322	11,302	2,777	34,973	(892)	726	34,807	3.56%
2018	6,818	14,859	11,641	2,846	36,164	(922)	751	35,992	3.41%
2019	7,074	15,416	11,990	2,917	37,397	(954)	776	37,220	3.41%
2020	7,322	15,956	12,350	2,990	38,618	(985)	802	38,435	3.26%
2021	7,578	16,514	12,721	3,065	39,878	(1,017)	828	39,689	3.26%
2022	7,843	17,092	13,103	3,142	41,180	(1,050)	855	40,985	3.26%
2023	8,118	17,690	13,496	3,221	42,525	(1,084)	883	42,323	3.27%
2024	8,402	18,309	13,901	3,302	43,914	(1,120)	911	43,706	3.27%
2025	8,696	18,950	14,318	3,385	45,349	(1,156)	941	45,134	3.27%
2026	9,000	19,613	14,748	3,470	46,831	(1,194)	972	46,609	3.27%
2027	9,315	20,299	15,190	3,557	48,361	(1,233)	1,004	48,132	3.27%
2028	9,641	21,009	15,646	3,646	49,942	(1,274)	1,037	49,705	3.27%
2029	9,978	21,744	16,115	3,737	51,574	(1,315)	1,070	51,329	3.27%
2030	10,327	22,505	16,598	3,830	53,260	(1,358)	1,105	53,007	3.27%
2031	10,688	23,293	17,096	3,926	55,003	(1,403)	1,142	54,742	3.27%
2032	11,062	24,108	17,609	4,024	56,803	(1,448)	1,179	56,534	3.27%
2033	11,449	24,952	16,868	4,125	57,394	(1,464)	1,191	57,122	1.04%
2034	11,850	25,825	17,374	4,228	59,277	(1,512)	1,230	58,996	3.28%
2035	12,265	26,729	17,895	4,334	61,223	(1,561)	1,271	60,933	3.28%
2036	12,694	27,665	18,432	4,442	63,233	(1,612)	1,312	62,933	3.28%
2037	13,138	28,633	18,985	4,553	65,309	(1,665)	1,356	64,999	3.28%
2038	13,598	29,635	19,555	4,667	67,455	(1,720)	1,400	67,135	3.29%
2039	14,074	30,672	20,142	4,784	69,672	(1,777)	1,446	69,341	3.29%
2040	14,567	31,746	20,746	4,904	71,963	(1,835)	1,494	71,622	3.29%
2041	15,077	32,857	21,368	5,027	74,329	(1,895)	1,543	73,976	3.29%
2042	15,605	34,007	22,009	5,153	76,774	(1,958)	1,594	76,410	3.29%
2043	16,151	35,197	22,669	5,282	79,299	(2,022)	1,646	78,923	3.29%
2044	16,716	36,429	23,349	5,414	81,908	(2,089)	1,700	81,519	3.29%
2045	17,301	37,704	24,049	5,549	84,603	(2,157)	1,756	84,202	3.29%
2046	17,907	39,024	24,770	5,688	87,389	(2,228)	1,814	86,974	3.29%

* Amount of administrative fees paid to the Department of Revenue greater than the cost of collections that are refunded to the District.

Source: Tax Projection Study.

Projected Tax Revenues Compared to Debt Service on Bonds

The Tax Projection Study compares the projected Tax Revenues versus projected debt service on the Bonds. The projections of the District's Tax Revenues were prepared by the Feasibility Consultant.

The Tax Projection Study states that, for each future year, it is reasonable to expect that Tax Revenues will be available to pay (i) the Adjusted Debt Service Requirements on all Outstanding Bonds and the Series 2016 Bonds for that year, (ii) the projected annual operating surpluses or deficiencies for that year, including the cost of Visit Milwaukee, and (iii) the required deposits into the Capital Maintenance Account for that year; however, the achievement of any financial projection is dependent upon future events, the occurrence of which cannot be assured. The Tax Projection Study also states that the calculations were completed in accordance with the definitions set forth in the General Resolution.

Investors considering purchasing the Series 2016 Bonds should read the Tax Projection Study in its entirety. Although the District believes that the assumptions underlying the projections included in the Tax Projection Study are reasonable, investors are cautioned that there will inevitably be differences between the projected and actual results. See "RISK FACTORS – Reliance on Projections" and "NOTICE TO INVESTORS – Caution Regarding Forward-Looking Statements."

Debt Service on the Bonds Exceeding Projected Tax Revenues

The Bonds are special limited obligations of the District. The District's ability to pay debt service on the Bonds depends upon the adequacy of Tax Revenues. While the Tax Projection Study projects that the Tax Revenues at their current rates could be sufficient to pay debt service on the Bonds and support the projected operations of the District, the projections of Tax Revenues in the Tax Projection Study are dependent upon the underlying assumptions made by the Feasibility Consultant. See "APPENDIX D – TAX PROJECTION STUDY." In the event that one or more of the underlying assumptions is incorrect, actual Tax Revenues at their current rates may be less than the Tax Revenues projected in the Tax Projection Study. In such event, the District has the ability to increase the Basic Room Tax by an additional 0.5% without legislative approval; however, there is no assurance that, even if the District were to take such action, the actual Tax Revenues would meet or exceed the projected Tax Revenues.

In the event that the actual Tax Revenues are less than the projected Tax Revenues, sufficient money may not be available to pay all the debt service on the Series 2016 Bonds. See "SECURITY FOR THE SERIES 2016 Bonds." See also "NOTICE TO INVESTORS – Caution Regarding Forward-Looking Statements" and "RISK FACTORS – Reliance on Projections."

DEBT SERVICE COVERAGE TABLE
(Thousands of Dollars)

Bond Year	Projected Available District Revenues *	Other Prior Senior Bonds Debt Service	Series 2016 Bonds Debt Service **	Total Senior Debt Service	Projected Senior Debt Service Coverage Ratio	Total Prior Junior Bond Debt Service	Total Aggregate Debt Service	Aggregate Debt Service Coverage Ratio
2016	\$ 33,544	\$ 7,400	\$ 1,048	\$ 8,448	3.97x	\$ 12,181	\$ 20,629	1.63x
2017	34,737	7,400	580	7,980	4.35x	12,962	20,942	1.66x
2018	35,920	7,400	565	7,965	4.51x	13,759	21,724	1.65x
2019	37,145	7,400	545	7,945	4.68x	14,605	22,550	1.65x
2020	38,358	7,400	525	7,925	4.84x	15,494	23,419	1.64x
2021	39,609	7,400	-	7,400	5.35x	16,410	23,810	1.66x
2022	40,902	7,400	-	7,400	5.53x	16,843	24,243	1.69x
2023	42,238	7,400	-	7,400	5.71x	16,835	24,235	1.74x
2024	43,618	7,400	-	7,400	5.89x	16,839	24,239	1.80x
2025	45,043	7,400	-	7,400	6.09x	16,833	24,233	1.86x
2026	46,515	7,400	-	7,400	6.29x	16,838	24,238	1.92x
2027	48,035	7,400	-	7,400	6.49x	16,836	24,236	1.98x
2028	49,605	7,305	-	7,305	6.79x	4,045	11,350	4.37x
2029	51,226	7,310	-	7,310	7.01x	4,042	11,352	4.51x
2030	52,901	7,305	-	7,305	7.24x	4,046	11,351	4.66x
2031	54,632	7,310	-	7,310	7.47x	4,041	11,351	4.81x
2032	56,420	7,310	-	7,310	7.72x	4,043	11,353	4.97x
2033	57,007	-	11,280	11,280	5.05x	-	11,280	5.05x
2034	58,877	-	11,280	11,280	5.22x	-	11,280	5.22x
2035	60,810	-	11,280	11,280	5.39x	-	11,280	5.39x
2036	62,807	-	11,280	11,280	5.57x	-	11,280	5.57x
2037	64,869	-	11,280	11,280	5.75x	-	11,280	5.75x
2038	67,000	-	11,280	11,280	5.94x	-	11,280	5.94x
2039	69,202	-	11,280	11,280	6.13x	-	11,280	6.13x
2040	71,478	-	11,280	11,280	6.34x	-	11,280	6.34x
2041	73,828	-	11,280	11,280	6.55x	-	11,280	6.55x
2042	76,256	-	11,280	11,280	6.76x	-	11,280	6.76x
2043	78,764	-	11,280	11,280	6.98x	-	11,280	6.98x
2044	81,356	-	11,280	11,280	7.21x	-	11,280	7.21x
2045	84,032	-	11,280	11,280	7.45x	-	11,280	7.45x
2046	86,800	-	11,280	11,280	7.70x	-	11,280	7.70x
Total		\$125,340	\$161,183	\$286,523		\$206,650	\$493,172	

* The difference between Projected Available District Revenues and District Tax Collections as shown in the "Projected Tax Revenues" table above is due timing differences between liability for certain District Taxes and distribution as described in the Tax Projection Study.

** Preliminary, subject to change.

Source: Financial Advisor (debt service columns) and Tax Projection Study (column related to Available District Revenues).

ISSUANCE OF ADDITIONAL BONDS

The General Resolution does not limit the principal amount of Additional Bonds that may be issued by the District. The General Resolution requires satisfaction of certain requirements before the District may issue any Additional Bonds. As noted elsewhere, the District has proposed to amend certain portions of the General Resolution, including provisions relating to the issuance of Additional Bonds. Although purchasers of the Series 2016 Bonds are deemed to have consented to them, such amendments will **not** be effective as of the date of issuance of the Series 2016 Bonds. See "INTRODUCTION." Such provisions, as they are proposed to be amended, are described under "AMENDMENTS TO GENERAL RESOLUTION." The General Resolution's current requirements relating to the issuance of Additional Bonds are as follows:

- (1) No Event of Default, as that term is defined in the General Resolution, has occurred and is continuing.
- (2) Receipt by the Trustee of a Series Resolution providing for the issuance of the Additional Bonds and the terms and conditions thereof, and designating the Additional Bonds as Senior Bonds or Junior Bonds.
- (3) If the Additional Bonds are Junior Bonds that are secured by the Section 229.50 Accounts within the Junior Debt Service Reserve Fund, receipt by the Trustee of a certificate of the Secretary of the State of Wisconsin Department of Administration certifying compliance with Section 229.50 of the Wisconsin Statutes and consenting to the designation of the Section 229.50 Accounts within the Junior Debt Service Reserve Fund as a "special debt service reserve fund" pursuant to Section 229.50 of the Wisconsin Statutes. Under current law, there is no authority for the designation of a "special debt reserve fund" with respect to any Additional Bonds.
- (4) If the Additional Bonds are Senior Bonds, receipt by the Trustee of a certificate of the Chairperson of the District that the Tax Revenues received in the preceding Fiscal Year of the District were at least 1.25 times the maximum Adjusted Debt Service Requirements on all Outstanding Bonds and any Additional Senior Bonds proposed to be issued for each future Bond Year. So long as the 1996A Senior Bonds are outstanding, unless otherwise waived or amended by MBIA as credit facility provider of the Series 1996A Bonds, the 1.25 ratio is raised to at least (i) 1.35 times (if all District Taxes are not at the maximum rate permitted by the Act); or (ii) 1.50 times (if all District Taxes are at the maximum rate permitted by the Act). MBIA (by its agent, National Public Finance Guarantee Corporation) has consented to the issuance of the Series 2016 Bonds as Senior Bonds.

- (5) Receipt by the Trustee of a report by an independent feasibility consultant that projects for each future Bond Year that the Tax Revenues for that Bond Year will exceed the sum of (i) the Adjusted Debt Service Requirements on all Outstanding Bonds and the proposed Additional Bonds for that Bond Year, (ii) the projected annual operating surpluses or deficiencies of the District for that Bond Year, and (iii) the required deposits into the Capital Maintenance Account required by the General Resolution for that Bond Year. Such report may project annual Tax Revenues to increase annually at a rate not greater than the average annual increase for such Tax Revenues in the previous three Fiscal Years of the District immediately prior to the issuance of such Additional Bonds, not taking into account any increase in the tax rate on any of the District Taxes (however, if the tax rate for any of the District Taxes has been increased by the District, the projected Tax Revenues may reflect such actual tax rate increase).
- (6) Receipt by the Trustee of an opinion of Bond Counsel that the principal amount of the Additional Bonds will not cause the principal amount of all Outstanding Bonds immediately following the issuance of the Additional Bonds to exceed any aggregate principal amount limitation thereon imposed by law.

Additional Bonds will be payable from, and secured by, a pledge of the Tax Revenues and the remainder of the Trust Estate (except as to any Credit Facility or any Debt Service Reserve Funds or Accounts therein which secure only a specific series of Bonds or specific bonds of a series) on a parity basis with all Senior Bonds then Outstanding or all Junior Bonds then Outstanding.

For purposes of complying with the Additional Bonds test described above, Adjusted Debt Service Requirements shall not include any amounts otherwise due or to become due on Outstanding Bonds which are to be refunded and no longer Outstanding as a result of the Additional Bonds proposed to be issued.

The District also may issue Additional Bonds for the purpose of refunding the District's existing Bonds. A series of refunding Bonds would have to meet all the foregoing requirements applicable to the issuance of Additional Bonds, together with specific requirements as to the giving of redemption notices and the irrevocable deposit of certain obligations which fully defease the Bonds being refunded. Notwithstanding the foregoing requirements applicable to the issuance of Additional Bonds, Additional Bonds may be issued for the purpose of paying, purchasing, redeeming, or refunding any Bonds, *provided* that the Adjusted Debt Service Requirements for each Bond Year for such Additional Bonds shall be no greater than the Adjusted Debt Service Requirements for each Bond Year for the Bonds paid for, purchased, redeemed, or refunded by the proceeds of such Additional Bonds. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Refunding Bonds (Section 5.4)."

AMENDMENTS TO GENERAL RESOLUTION

The District has proposed to amend certain portions of the General Resolution (the "**Proposed General Resolution Amendments**"). By purchasing the Series 2016 Bonds, the owners of the Series 2016 Bonds will be deemed to have consented to the Proposed General Resolution Amendments. The Proposed General Resolution Amendments are described below. The Proposed General Resolution Amendments will only become effective upon receipt of consent of owners of a majority in outstanding principal amount of Bonds Outstanding under the General Resolution and consent of owners of a majority in outstanding principal amount of all Senior Bonds outstanding under the General Resolution.

Amendment of Additional Bonds Test

Upon satisfaction of such consent requirements, paragraphs (4) and (5) in the section above describing the conditions for the issuance of Additional Bonds shall be amended to provide:

- (4) If the Additional Bonds are Senior Bonds, receipt by the Trustee of a certificate of the Chairperson of the District that the Tax Revenues received by the District in the Fiscal Year preceding the issuance of the Additional Senior Bonds (A) were at least 1.35 times the maximum Adjusted Debt Service Requirements for each future Bond Year on all Outstanding Senior Bonds and the Additional Senior Bonds proposed to be issued and (B) were at least 1.00 times the maximum Adjusted Debt Service Requirements for each future Bond Year on all Outstanding Bonds and the Additional Senior Bonds proposed to be issued. However, in the instance that the type or scope of the taxes that are included in the Tax Revenues of the District has been expanded or the tax rate for any of the District Taxes has been increased in the preceding or current Fiscal Year of the District, the District may commission a report by an independent feasibility consultant that projects the additional Tax Revenues for the immediately succeeding Fiscal Year. Such additional Tax Revenues may be included in the amount of the Tax Revenues received in the preceding Fiscal Year for purposes of determining if the Tax Revenues received satisfy the aforementioned test.
- (5) If the Additional Bonds are Junior Bonds, receipt by the Trustee of a report by an independent feasibility consultant that projects for each future Bond Year that the Tax Revenues for that Bond Year will exceed the sum of (i) the Adjusted Debt Service requirements on all Outstanding Bonds and the proposed Additional Junior Bonds for that Bond Year, (ii) the projected annual operating surpluses or deficiencies of the District for that Bond Year, and (iii) the required deposits into the Capital Maintenance Account required by the General Resolution for that Bond Year. Such report may project annual Tax Revenues to increase annually at a rate not greater than the average annual increase for such Tax Revenues in the previous three Fiscal Years of the District immediately prior to the issuance of such Additional Junior Bonds, not taking into account any increase in the tax rate on any of the District Taxes (however, if the tax rate for any of the District Taxes has been increased by the District, the projected Tax Revenues may reflect such actual tax rate increase).

Amendment for Senior Debt Service Reserve Fund

Upon satisfaction of the consent requirements, the General Resolution shall be further amended as set forth in "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Amendments to General Resolution Relating to Senior Debt Service Reserve Fund" herein. The amendments to the General Resolution provide for the issuance of Senior Bonds which are not entitled to the benefit of the Senior Debt Service Reserve Fund which under the General Resolution is a parity Debt Service Reserve Fund for all Senior Bonds (unless otherwise provided for a Series of Senior Bonds funded with a Debt Service Reserve Fund Credit Facility). The amendments provide for Senior Bonds to be issued without the benefit or security of any Debt Service Reserve Fund or with a Debt Service Reserve Fund with a specified Debt Service Reserve Fund Requirement which secures only a particular series of Senior Bonds all as prescribed in the Series Resolution for such Senior Bonds. The amendments to the General Resolution provide that deficiencies in the amount for replenishment of the parity Senior Debt Service Reserve Fund and each series specific Debt Service Reserve Fund to their applicable Debt Service Reserve Fund Requirement will be on a pro-rata basis. The amendments to the General Resolution set forth in APPENDIX B are subject to such additions, insertions or omissions as are appropriate or necessary to effect the purpose and intent of the amendments to the Senior Debt Service Reserve Fund described herein.

Consent to Amendments

By purchasing the Series 2016 Bonds, the Owners thereof will be deemed to have consented for all owners of the Series 2016 Bonds to the Proposed General Resolution Amendments contained herein. Such consent will be binding on all subsequent holders of the Series 2016 Bonds. The Series 2016 Bonds will constitute approximately 21*% of the outstanding principal amount of Bonds Outstanding under the General Resolution and 42*% of the outstanding principal amount of the Senior Bonds outstanding under the General Resolution. The District expects that purchasers of future Bonds will consent or be deemed to have consented to the Proposed General Resolution Amendments at the time of purchasing such Bonds. Upon the issuance of the Series 2016 Bonds, none of the holders of Bonds Outstanding under the General Resolution issued prior to that date will have consented to the Proposed General Resolution Amendments.

Consent by the Owners of the Outstanding principal amount of the Series 2016 Bonds is not sufficient to satisfy the requirements for consent by a majority in principal amount of Bonds Outstanding or majority in principal amount of Senior Bonds Outstanding. Therefore, the amendments set forth above will not be effective with respect to the Bonds issued and Outstanding under the General Resolution as of the date of issuance of the Series 2016 Bonds.

If the Series 1996A Senior Bonds or Series 2003A Senior Bonds will be Outstanding at the time the amendments to the General Resolution set forth above are to be effective, then such amendments to the General Resolution will also require the consent of MBIA, as the Credit Facility Provider and Debt Service Reserve Fund Credit Facility Provider for the Series 1996A Senior Bonds, and Financial Security Assurance Inc. (now known as Assured Guaranty Municipal Corp.), as the Credit Facility Provider and Debt Service Reserve Fund Credit Facility Provider for the Series 2003A Senior Bonds, in order for the amendments to be in effect with respect to all Outstanding Bonds. Notwithstanding the foregoing, the amendment set forth above with respect to the requirement for the issuance of Additional Senior Bonds does not effect or change the requirement for the issuance of Additional Senior Bonds as set forth in the award certificate for the Series

*Preliminary, subject to change.

1996A Senior Bonds without a separate amendment with the approval of MBIA, as the Credit Facility Provider and Debt Service Fund Credit Facility Provider for the Series 1996A Senior Bonds. In addition, the amendment set forth above with respect to the requirements for the issuance of Additional Bonds will also require the consent of the Credit Facility Provider for the Series 1999 Junior Bonds if such Series 1999 Junior Bonds are Outstanding at the time such amendment is to be effective.

PURCHASERS OF THE SERIES 2016 BONDS SHOULD ASSUME THAT THE PROPOSED AMENDMENTS TO THE GENERAL RESOLUTION SHALL BECOME EFFECTIVE DURING THE TERM OF THE SERIES 2016 BONDS. Accordingly, purchasers of the Series 2016 Bonds should review the terms and provisions of both the General Resolution and the Proposed General Resolution Amendments in making their investment decision with respect to the Series 2016 Bonds.

THE DISTRICT

General

The District has all the powers granted to it by the Act. The District's geographical boundaries include Milwaukee County and the non-Milwaukee County portions of each city and village that is partially contained within Milwaukee County. The District was created in 1994 to assume ownership of certain then-existing convention facilities and to construct and expand such facilities. See "District Operations" below. The District's mailing address is 400 West Wisconsin Avenue, Milwaukee, Wisconsin, 53203, and its telephone number is (414) 908-6000.

Audited Financial Statements

A copy of the District's audited financial statements for the Fiscal Years ending December 31, 2015 and 2014 are included as APPENDIX C to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by Baker Tilly Virchow Krause, LLP, Milwaukee, Wisconsin (the "**Auditor**"), to the extent and for the periods indicated thereon. The District has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Series 2016 Bonds, the District represents that there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading, other than as described below.

On April 26, 2016, the District issued Junior Dedicated Tax Revenue Bonds, Series 2016A (Taxable) (the "**Facility Loan Bonds**") in the amount of \$5,250,000 for the purposes of financing capital improvements and maintenance needs at the District's existing facilities (but not the Arena). The Facility Loan Bonds matured on April 28, 2016 and were paid using Restricted Tax Revenues as permitted under the General Resolution. The balance as of April 30, 2016 in the Revenue Fund Restricted Tax Revenues Account described in Note 5 of the audited financial statements was \$6,504,068.61.

Organization

The business and affairs of the District are managed by a Board of Directors consisting of 17 directors. Pursuant to Act 60, the Board of Directors is currently composed of interim members whose terms will expire as described under "– Future Composition" below. At that time, new members will be appointed as further described below.

District Board of Directors

The composition of the Board of Directors is governed by Section 229.42(4) and Section 229.42(4e) of the Wisconsin Statutes. The terms of current Directors expire upon the earliest of: (i) two years after the Director is certified; (ii) the Secretary of Administration certifies that the Arena has been completed; or (iii) the term of a public sector member or private sector member terminates as provided for in Section 229.42(7)(b) or (c) occurs. The current members of the Board of Directors of the District, their primary occupations, and their appointing official (or *ex officio* status) are listed below.

Scott A. Neitzel (Chairman) Wisconsin Secretary of Administration (<i>Ex officio</i>)		
James C. Kaminski, Vice Chairman President, Kaminski Consultants (Governor)	Kathy Ehley, Secretary Mayor, City of Wauwatosa (County Executive)	Joel Brennan, Treasurer President, Discovery World, Ltd. (Mayor)
Jason Allen Partner, Foley & Lardner LLP (County Executive)	Scott Fitzgerald Wisconsin State Senate Majority Leader (<i>Ex officio</i>)	Martin Matson Comptroller, City of Milwaukee (<i>Ex officio</i>)
Peter Barca Wisconsin State Assembly Minority Leader (<i>Ex officio</i>)	James Kanter Sr. Director of Commercial Operations, MillerCoors (Governor)	Ashanti Hamilton Alderman, City of Milwaukee (Common Council President)
Robert Bauman Alderman, City of Milwaukee (Common Council President)	Rebeca Lopez Attorney, Godfrey & Kahn S.C. (Mayor)	Jeff Sherman President, OnMilwaukee.com, llc (County Executive)
Milele Coggs Alderman, City of Milwaukee (Common Council President)	Stephen H. Marcus Chairman, The Marcus Corporation (Governor)	Jennifer Shilling Wisconsin State Senate Minority Leader (<i>Ex officio</i>)
Robin Vos Wisconsin State Assembly Speaker (<i>Ex officio</i>)		

Future Composition

Upon the Secretary of Administration certifying that the Arena has been completed, the terms of any existing Board members will terminate, and thereafter the statutes require that the Board be composed of:

- Two directors who are residents of the City and primarily employees or officers of a private sector entity, appointed by the Mayor;
- Three directors, each of whom is a resident of the City, and primarily an employee or an officer of a public sector entity, appointed by the Common Council President;
- One director who is the Comptroller of the City;
- Three directors appointed by the County Executive, who are primarily employees or officers of a private sector entity. At least one of such directors shall own, operate, or manage an enterprise which is located within the District and which has significant involvement with the food and beverage industry, and at least one of such directors shall own, operate, or manage an enterprise which is located within the District and which has significant involvement with the lodging industry. At least two of these three appointees of the County Executive must reside within the District (but may not reside in the City);
- The Secretary of Administration or his or her designee;
- Two directors, one of whom is the Speaker of the Assembly or his or her designee, and one of whom is the Senate Majority Leader or his or her designee, but such designee must be a member of the same house of the legislature as the speaker or majority leader who makes the designation;
- Two directors, one of whom is the Minority Leader of the Assembly or his or her designee, and one of whom is the Senate Minority Leader or his or her designee, but such designee must be a member of the same house of the legislature as the minority leader who makes the designation;
- One director appointed by the County Executive who shall be either primarily an employee or officer of a private sector entity and who shall own, operate, or manage an enterprise located within the District which has either significant involvement with the food and beverage industry or significant involvement with the lodging industry. This appointee must reside within the District (but may not reside in the City);
- One director who is the chief executive officer or his or her designee of a municipality which contributes a minimum of 5/14ths of its room tax (which amount shall be at least \$150,000 per year), appointed by the County Executive of Milwaukee County; and
- One director who is the Comptroller of Milwaukee County.

District President

Russell Staerkel has been the President and Chief Executive Officer the District since April 2014. As President of the District, Mr. Staerkel is responsible for the day-to-day operations of the District's facilities and reports directly to the Board of Directors. Mr. Staerkel has over 18 years of convention center management experience. He joined the District in 1998 and served as Director of Security and Director of Human Resources prior to becoming President.

District Facilities

In addition to the Arena which will be owned by the District and leased to ArenaCo pursuant to the Arena Agreement, the present facilities of the District are described below.

The Wisconsin Center

The Wisconsin Center is the largest convention center in the State of Wisconsin. The Wisconsin Center is located at 400 West Wisconsin Avenue on four square blocks on the west side of the City's central business district. The Wisconsin Center is owned by the District. The Wisconsin Center was formerly named the Delta Center until July 2013. In January 1996, the District issued \$184 million of dedicated tax revenue bonds (including the Series 1996A Series Bonds and a series of Junior Bonds that was refunded by the Series 1999 Junior Bonds) to finance the development of the Wisconsin Center, the first phase of which was completed in July 1998 and included a 127,000-square-foot exhibition hall, a 38,000-square-foot ballroom, 28 meeting rooms, and associated pre-function and service areas. The second phase of the Wisconsin Center project, which was completed in December 1999, involved the demolition of the former convention facility and expansion of the exhibition hall to approximately 188,000 square feet. The Wisconsin Center also includes a 280-stall surface parking lot immediately adjacent to the Wisconsin Center, which provides limited parking for the Wisconsin Center, the UW-Milwaukee Panther Arena, and the Milwaukee Theatre described below. The District is in the preliminary stages of considering additional capital improvements which may include the addition of over 450,000 square feet to the complex, constituting the third phase of the Wisconsin Center project. The District Board of Directors discussed the implications of Act 60 on future District priorities, including the third phase of the Wisconsin Center project, during the course of its November 20, 2015 Board Meeting, but no decisions regarding the third phase have been made to date.

The UW-Milwaukee Panther Arena

The UW-Milwaukee Panther Arena is located at 500 West Kilbourn Avenue on, along with The Milwaukee Theatre described below, approximately two square blocks on the west side of the City's central business district and immediately to the north of the Wisconsin Center. The UW-Milwaukee Panther Arena is owned by the District. The UW-Milwaukee Panther Arena was named the US Cellular Arena until June 2014. The current naming rights extend through 2024, with an option to renew such rights through 2029. The UW-Milwaukee Panther Arena was opened in 1950. The most recent major renovation of the UW-Milwaukee Panther Arena occurred in 1998 and included refurbishment of all seats, installation of a new scoreboard with video, new floor lighting, renovated concessions stands, and replacement of acoustical panels.

The District is undertaking significant additional capital upgrades to the UW-Milwaukee Panther Arena in 2016, including upgrades to hockey ice services, locker room upgrades, the installation of telescopic risers, the installation of LED energy efficient lighting, upgrades to the commissary kitchen and concourse and the acquisition of IT/production equipment, which the District financed with proceeds of the Facility Loan Bonds. The UW-Milwaukee Panther Arena contains approximately 12,700 seats and hosts concerts, sporting events, circuses, ceremonies, and assemblies. In addition to its use by the University of Wisconsin – Milwaukee, the District has entered into an Arena License Agreement, dated as of March 16, 2016, with Milwaukee Admirals LLC, a member of the American Hockey League, in order to allow the team's home games to be played in the UW-Panther Arena for an initial term of 10 seasons commencing with the 2016-2017 season.

The Milwaukee Theatre

The Milwaukee Theatre is located at 520 West Kilbourn Avenue on, along with the UW-Milwaukee Panther Arena described above, approximately two square blocks on the west side of the City's central business district. The Milwaukee Theatre is located immediately to the north of the Wisconsin Center and is located next to the UW-Milwaukee Panther Arena described above. The Milwaukee Theatre is owned by the District. The Milwaukee Theatre was opened in 1909 as the Milwaukee Auditorium. The most recent major renovation of the Milwaukee Theatre occurred in 2003 when a rotunda, banquet rooms and a lobby were added to the existing facility, and the existing facility was extensively renovated. In 2003, the venue was renamed the Milwaukee Theatre. The Milwaukee Theatre contains approximately 4,100 seats and is the State of Wisconsin's largest theater. The Milwaukee Theatre hosts concerts, Broadway musicals, family shows, ceremonies, and assemblies.

Transfer of Marcus Center for the Performing Arts

Act 60 provides that as soon as practicable, the County shall transfer, unencumbered, to the District the Marcus Center for the Performing Arts property (the "Marcus Center"). This transfer to the District will take place upon adoption of a resolution requesting the transfer by the District Board of Directors and a written proclamation of the County Executive supporting the transfer. The transfer may take place without approval by the Milwaukee County Board.

The District adopted a resolution on December 18, 2015 determining that the transfer of the Marcus Center is a significant transaction that will require the District to undertake due diligence activities typical of such transactions, noting that it is not practicable for the District to undertake such due diligence activities presently, and resolving that the District does not intend to proceed with evaluating the proposed transfer until the Arena is substantially completed. The resolution recites that the earliest the District foresees being in a position to act definitively on the proposed transfer is early 2020.

District Operations

General

As of January 1, 2016, the District employed approximately 62 full-time and 180 part-time employees, in addition to contracting for the use of temporary personnel, consultants, and related personnel. These employees manage and maintain the Wisconsin Center, the UW-Milwaukee Panther Arena and the Milwaukee Theatre, and book certain smaller meetings, as well as certain sports, entertainment, and consumer shows.

The District uses the services of Visit Milwaukee, a convention and visitors bureau ("**Visit Milwaukee**"), to market and promote Milwaukee and the District's facilities as a national convention, tourism, and special event destination. The sales department of Visit Milwaukee solicits major convention and tradeshow bookings for Milwaukee and for the District 18 months in advance and out. The District typically books major conventions and tradeshows less than 18 months in advance as well as small meetings, certain sports, entertainment, and consumer shows without the services of Visit Milwaukee. Visit Milwaukee familiarizes convention and tradeshow decision makers with the greater Milwaukee area, books and prepares license agreements for conventions and tradeshows, markets greater Milwaukee hotels, restaurants, and other attractions to tourists, and provides information services to tourists and convention-goers interested in visiting Milwaukee. For 2015, Visit Milwaukee had a budget of approximately \$8,400,000, of which the District provided approximately \$7,039,365 (from Unrestricted Tax Revenues which have been released from the lien of the General Resolution pursuant to the terms thereof). The contract with Visit Milwaukee expires in December 2018 with an extension through December 2020. The District has also entered into an exclusive contract with Levy Premium Foodservice Limited Partnership to provide food services at the Wisconsin Center, the UW-Milwaukee Panther Arena and the Milwaukee Theatre. This contract expires in June 2018.

District's Operating Fund

The General Resolution created an Operating Fund composed of an Operating Reserve Account, a Capital Maintenance Account, and a Surplus Account. Although the Operating Fund is not subject to the lien of the General Resolution and is not part of the Trust Estate, the District is bound by the terms of the General Resolution to establish and maintain such Fund in the following manner:

1. Amounts deposited in the Operating Fund are first deposited into the Operating Reserve Account until the balance equals or exceeds \$2,500,000 (or such higher amount as may be provided in a Series Resolution). Pursuant to the General Resolution, once the amount on deposit in such Account achieves such balance, the District need not maintain that balance. The District may then spend money in the Operating Reserve Account as follows:
 - a. for any expenditure authorized by a vote of two-thirds of the members of the District's Board of Directors then in office, if the balance on deposit in the Account following such expenditure is in excess of \$1,000,000, or such higher figure as provided in a Series Resolution; and
 - b. for any expenditure authorized by a vote of two-thirds of the members of the District's Board of Directors then in office, if (i) the balance on deposit in the Account following such expenditure is less than \$1,000,000 (or such higher figure as provided in a Series Resolution) and (ii) prior to such expenditure the District shall first have passed a resolution increasing the tax rate for one or more of the District Taxes available to the District to a rate sufficient to increase total Tax Revenues for the following Bond Year by an amount projected to be at least equal to the amount of such expenditure.

The District has generally maintained the Operating Reserve Account balance at not less than \$2,500,000. The earnings in the Operating Reserve Account are periodically transferred out of the Account to the Surplus Account. The District may apply any moneys on deposit in the Surplus Account at the times and in the amounts it determines appropriate, but only for such purposes as the Act shall, from time to time, permit.

2. The District is required to deposit into the Capital Maintenance Account (a) in the Bond Year ending on December 15, 2000, \$650,000, and (b) in each subsequent Bond Year, 103% of the deposit requirement for the previous Bond Year. If authorized by a vote of two-thirds of the members of the District's Board of Directors then in office, the District may draw from the Capital Maintenance Account to purchase equipment or pay for capital maintenance that is expected to have an economic life of three years or more. The balance in the Capital Maintenance Account, as of December, 2015, was \$1,012,678. Pursuant to the General Resolution, the money in the Capital Maintenance Account was disbursed to the District for capital maintenance items and will be replenished to the required balance of \$1,043,059 in December, 2016.

Under the General Resolution, monies deposited in the Revenue Fund are required to be transferred to the Operating Fund only after all required transfers have been made to the other Funds and Accounts under the General Resolution; provided, however, that no Restricted Tax Revenues may be transferred to the Operating Fund. See "SECURITY FOR THE SERIES 2016 BONDS – Quarterly Transfers from the Revenue Fund" and "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Operating Fund" herein.

The payment of the Series 2016 Bonds depends upon the receipt of Tax Revenues and not revenues from the District's operations (see "RISK FACTORS – Revenue Obligations").

THE ARENA

Pursuant to an Arena Development Agreement (the "**Development Agreement**") entered into as of April 13, 2016 between the District and ArenaCo, ArenaCo has agreed to design, develop and construct the Arena for the District on land (the "**Arena Land**") located in the City of Milwaukee, Wisconsin (the "**City**"). The Arena will anchor a world-class sports and entertainment district in downtown Milwaukee. It is anticipated that this multi-purpose venue and surrounding entertainment district will transform 30-acres of mostly vacant land into a neighborhood offering mixed sports, entertainment, residential and office uses. The Arena site, located between N. Fourth Street and N. Sixth Street from W. Highland Ave. to W. Juneau Ave., will link the district on all sides, including Old World Third Street, Schlitz Park, The Brewery, the Milwaukee riverfront, Water Street and the Wisconsin Center. It is anticipated that construction will be completed and the Arena will be open to the public for the 2018-19 NBA basketball season.

The 714,000 square foot Arena at the center of the development will be home to the Team and will host other sports and entertainment events. The Arena design features an intimate bowl optimized for basketball viewing with the majority of the seats in the lower level closer to the action than the Current Arena offers, while still providing the flexibility to host hockey games, end stage and center stage concerts, family shows, circuses and ice events, as well as open-floor exhibitions. The design caters to the next generation of fans, featuring open and transparent concourses, additional social spaces within view of the action, and a variety of experiential and premium seating options. The Arena will be managed and operated by ArenaCo pursuant to the Arena Agreement.

The Arena will include an open-air and covered pedestrian plaza (the "**Live Block Plaza**"), a pedestrian mall (the "**Pedestrian Mall**") and the land between the Arena and the Pedestrian Mall and the land located east of the Pedestrian Mall (the Live Block Plaza, the Pedestrian Mall and such parcels are collectively referred to herein as the "**Public Plaza**"). The development also includes the Parking Facilities, which will be owned by the City and is proposed to be connected to the Arena by a skywalk. ArenaCo will operate, manage and maintain the Parking Facilities pursuant to a Parking Structure Management Agreement between the City and ArenaCo. The District has entered into land transfer agreements with Bradley Center Sports and Entertainment Corp. ("**BCSEC**") pursuant to which BCSEC has agreed to convey to the District fee title to a portion of the Arena Land. The District has entered into a 4th Street Public Plaza Pedestrian Mall Lease dated as of May 16, 2016 with the City (the "**Pedestrian Mall Lease**") pursuant to which the City is leasing to the District the portion of the Arena Land for the Pedestrian Mall. ArenaCo will acquire from the City fee title to the portion of the Arena Land adjacent to the Pedestrian Mall. ArenaCo will convey to the District fee title to such property. The portion of the Arena Land for the Public Plaza will be transferred by the City to the District at a future date after the City approves a certified survey map and the final design of the Public Plaza. Upon consummation of such transfers and leases, the District will have title to, or a leasehold interest in, all of the Arena Land.

The District has also entered into an Airspace Lease for an Overhang Structure dated as of May 16, 2016 with the City (the "**Airspace Lease**") pursuant to which the City is leasing to the District the airspace over the sidewalk area bordering West Juneau Avenue between North 4th Street and North 6th Street in the City. Pursuant to the Arena Agreement (defined below), the District has subleased the Pedestrian Mall Lease to ArenaCo to be developed, maintained and used by ArenaCo as the Public Plaza and has subleased the Airspace Lease to ArenaCo. A skywalk airspace lease will also be required for the proposed skywalk and is subject to future approval by the City.

ALLOCATION OF PROJECT COSTS

Pursuant to the Arena Finance, Funding and Construction Funds Escrow Agreement dated as of April 13, 2016 between the District, the City, ArenaCo and First American Title Insurance Company (the "**Escrow Agent**") (the "**Funding Agreement**"), Project Costs for development and construction of the Arena are currently estimated at \$524,000,000. The Funding Agreement provides that, subject to the terms of the Funding Agreement, the City Disbursement Agreement, the Contribution Agreement, and the Pledge Agreement (all as defined below), the following parties will pay such Project Costs as described below.

District Commitment

The District will fund the District Commitment, consisting of \$203,000,000 of Project Costs, from the proceeds of the Series 2016 Bonds, together with the Appropriation Bonds and the Private Placement Bonds, all of which are scheduled to close simultaneously. The proceeds of the Series 2016 Bonds, the Appropriation Bonds and the Private Placement Bonds constituting the District Commitment will be disbursed as provided under the Funding Agreement. See "PLAN OF FINANCE."

City Commitment

The City will fund the City Commitment, consisting of (i) \$35,000,000 of Project Costs for the Parking Facilities, and (ii) \$12,000,000 of costs for the Public Plaza. The City has funded a portion of its City Commitment for the Parking Facilities with \$27,000,000 of proceeds from its issuance of extendable municipal commercial paper (which it intends to replace with \$27,000,000 of proceeds from its issuance of general obligation bonds) held under, and to be disbursed as provided under, an Escrow Disbursement Agreement (Milwaukee Bucks Arena – Parking Structure (TID 22)) among the City, ArenaCo and the Escrow Agent, dated as of December 22, 2015, as amended (the "**City Disbursement Agreement**"). The City funded the remaining \$8,000,000 of the City Commitment for the Parking Facilities with net proceeds from the sale of a bond issued by the Redevelopment Authority of the City of Milwaukee ("**RACM Bond**") to ArenaCo or its affiliate. The purchase price paid by ArenaCo to the City for the RACM Bond is in addition to the ArenaCo Commitment. The RACM Bond closed on May 27, 2016. The City will fund the City Commitment for the Public Plaza with \$12,000,000 of net proceeds from its issuance of general obligation bonds. The City's public debt commission has scheduled a meeting to approve the sale of such general obligation bonds on June 9, 2016. Such financing is anticipated to be completed in June, 2016, and the City has agreed under the Funding Agreement to deposit the proceeds thereof into a local government investment pool account (the "**LGIP Account**") to be disbursed as provided under the Funding Agreement.

Kohl Commitment

Kohl and Fear the Deer, LLC ("**HoldCo**"), the parent company of ArenaCo and Milwaukee Bucks, LLC, a Wisconsin limited liability company, which owns and operates the Team ("**TeamCo**"), entered into a letter agreement, dated as of April 16, 2014 (the "**Pledge Letter**"), pursuant to which Kohl pledged to gift or cause to be gifted the Kohl Commitment, consisting of \$100,000,000 in otherwise unrestricted funds for the purpose of facilitating the construction of the Arena. HoldCo subsequently consented to the designation of the Greater Milwaukee Foundation, Inc. ("**GMF**") and its affiliated entities as the organization to receive the Kohl Commitment, and agreed that by paying the Kohl Commitment to KPG Charitable Foundation, LLC, an affiliate of GMF, Kohl will have fulfilled his pledge made under the Pledge Letter. Kohl and HoldCo also entered into a Pledge Agreement, dated December 16, 2014 (along with the Pledge Letter, the "**Pledge Agreement**"), pursuant to which Kohl pledged to make an additional charitable contribution to facilitate construction of the Arena in the event of a shortfall of funds from GMF with respect to the Kohl Commitment. Kohl gifted the Kohl Commitment to KPG Charitable Foundation, LLC under gift terms specifying that the contribution amount would be used to fund the creation of KPG Charitable Foundation, Inc. ("**KPG**"), a support organization of the GMF established with the sole purpose of funding the construction of the Arena (together, Kohl, GMF and KPG comprise the "**Kohl Parties**"). GMF then caused KPG Charitable Foundation, LLC to transfer the Kohl Commitment to KPG. The District and the Kohl Parties have entered into a Contribution Agreement, dated April 13, 2016 (the "**Contribution Agreement**") pursuant to which, subject to the terms thereof, the Kohl Parties have agreed to contribute the Kohl Commitment to the District to facilitate construction of the Arena. Amounts contributed to the District under the Contribution Agreement will be disbursed as provided under the Funding Agreement. See "PRINCIPAL AGREEMENTS – Contribution Agreement" and "APPENDIX E – SUMMARIES OF PRINCIPAL AGREEMENTS."

ArenaCo Commitment

ArenaCo shall pay or cause to be paid the ArenaCo Commitment, consisting of all Project Costs that exceed the District Commitment, the City Commitment and the Kohl Commitment. The ArenaCo Commitment is currently estimated to be at least \$174,000,000. ArenaCo intends to fund the ArenaCo Commitment with the proceeds of a loan of at least \$174,000,000 to ArenaCo (the "**ArenaCo Loan**") from an institutional lender or lenders (the "**Lender**") and, to the extent the ArenaCo Loan proceeds are insufficient to fund all of the ArenaCo Commitment, from equity or any other source ArenaCo chooses. ArenaCo closed on its ArenaCo Loan on May 17, 2016, and such amounts are required to be disbursed as provided under the Funding Agreement.

Priority of Funding and Disbursement

The Funding Agreement establishes the following priority of funding and disbursement of the District Commitment, the City Commitment, the Kohl Commitment and the ArenaCo Commitment for Project Costs associated with the Arena:

- A. Prior to April 13, 2016, all Project Costs were funded by ArenaCo directly.
- B. On and after April 13, 2016, until the Kohl Commitment is made available, ArenaCo will continue to fund all Project Costs. Once the Kohl Commitment is available, Project Costs will be funded solely from Kohl Commitment funds until the Kohl Commitment has paid an amount equal to 66.67% of ArenaCo's contribution to the Permitted Arena Costs to that date (the "**Kohl Commitment Catch-up Amount**").
- C. Once the Kohl Commitment Catch-up Amount is fully funded and until the District Commitment is available, 60% of all Permitted Arena Costs will be paid from the ArenaCo Commitment and 40% will be paid from the Kohl Commitment.
- D. Once the District Commitment is available, the District will reimburse ArenaCo or GMF, as applicable, an amount equal to 44.8% of total Permitted Arena Costs paid to that date from the District Commitment.
- E. Subsequently, (A) 44.8% of Permitted Arena Costs will be funded from the District Commitment and the remaining 55.2% will be funded from the ArenaCo Commitment and the Kohl Commitment and (B) 44.8% of all Project Costs other than Permitted Arena Costs will be funded from the District Commitment and the remaining 55.2% will be funded from the ArenaCo Commitment.
- F. Once the District Commitment and the Kohl Commitment have been fully funded, all Project Costs will be funded by the ArenaCo Commitment.

"Permitted Arena Costs" are defined in the Contribution Agreement to mean all costs reasonably necessary for the design, development, construction, fixturing and equipping of the Arena, together with all infrastructure necessary for the Arena, including costs for the following: (a) design and development expenses (*e.g.*, architect fees and expenses and other third-party design and pre-construction expenses); (b) demolition and removal of any existing facilities; (c) site preparation and grading; (d) environmental sampling, mitigation and remediation; (e) permits; (f) insurance; (g) utility improvements and relocations; (h) land acquisitions; (i) project manager fees and expenses; (j) materials and labor; (k) other fees and expenses of the preconstruction consultant and contractors; (l) any offsite infrastructure included in the Arena work; (m) testing and inspection; and (n) fees and expenses for District consultants, advisors and attorneys; provided, however, that Permitted Arena Costs shall not in any event include any costs and expenses related to lobbying. For purposes of the Contribution Agreement, Permitted Arena Costs specifically excludes costs related to the Public Plaza and the Parking Facilities.

The Funding Agreement also establishes the following priority of funding and disbursement of the City Commitment and the ArenaCo Commitment for Project Costs of the Public Plaza and the Parking Facilities:

- A. Prior to the availability of the City Commitment, all Project Costs for the Public Plaza will be funded by ArenaCo directly.
- B. Once the City Commitment is available, the City will reimburse ArenaCo for all Project Costs incurred to date with regard to the Public Plaza.
- C. Subsequently, the City Commitment will fund the remainder of Project Costs for the Public Plaza and the Project Costs of the Parking Facilities until construction is completed.

See "APPENDIX E – SUMMARIES OF PRINCIPAL AGREEMENTS – FUNDING AGREEMENT" for further details of the priority of funding for Project Costs and procedures for disbursement requests.

PRINCIPAL AGREEMENTS

Act 60 requires the District to enter into a development agreement, a non-relocation agreement and a lease with the Team or its affiliate. Under Act 60, the Secretary of Administration is required to negotiate such agreements and is authorized to execute them. Following is a brief description of the principal agreements required by Act 60 or otherwise pertinent to the funding and development of the Arena (the **"Principal Agreements"**). In the discussion below, defined terms not otherwise defined herein have the meaning provided in the Principal Agreements. For additional information, refer to "APPENDIX E – SUMMARIES OF PRINCIPAL AGREEMENTS."

Development Agreement

Under the Development Agreement, the District and ArenaCo agree to the basic framework for the design, development and construction of the Arena. Under the Development Agreement, ArenaCo acts as developer of the Arena and in such capacity is responsible for all phases of the design, development, construction, fixturing and equipping of the Arena on the Arena Land, together with all infrastructure necessary for the Arena (the **"Work"**) and the design, development, construction, fixturing and equipping of the Parking Facilities, together with all infrastructure necessary for the Parking Facilities (the **"Parking Facilities Work"**). In carrying out its responsibilities under the Development Agreement, ArenaCo has

retained an Architect, Project Manager, and Preconstruction Consultant, through other, related agreements. ArenaCo has also entered into an Agreement for Construction Management Services for Milwaukee Bucks Arena dated as of April 13, 2016 with M.A. Mortenson Company (the "**Arena Contractor**"), to provide construction management and contracting services in connection with the Work (the "**Contractor Agreement**"). The Development Agreement establishes an Outside Substantial Completion Date (September 30, 2019) and Outside Final Completion Date (December 31, 2019) subject to Force Majeure Events. The Development Agreement also establishes an Approved Budget, and includes provisions under which the District or ArenaCo may request modifications to related construction documents and the scope of Work. Under the Development Agreement, the District and ArenaCo have also acknowledged that ArenaCo and the Arena Contractor will set a guaranteed maximum price representing, in the aggregate, the maximum cost for completion of construction of the Arena (the "**Guaranteed Maximum Price**") ,pursuant to an amendment to the Contractor Agreement (the "**GMP Amendment**"). See "APPENDIX E – SUMMARIES OF PRINCIPAL AGREEMENTS – Development Agreement."

Funding Agreement

Under the Funding Agreement, each of the District, ArenaCo and the City agrees to fund its share of the costs of developing the Arena, as described above under "ALLOCATION OF PROJECT COSTS." The Funding Agreement establishes an escrow (the "**Escrow**") as well as a priority of funding to the Escrow and procedures for disbursement from the Escrow for the payment of Project Costs, as further described in "APPENDIX E – SUMMARIES OF PRINCIPAL AGREEMENTS – FUNDING AGREEMENT."

Contribution Agreement

Under the Contribution Agreement, KPG and Kohl represent and warrant that, as of the date of the Contribution Agreement, KPG and Kohl together have cash equal in aggregate to the Kohl Commitment of \$100,000,000 (the "**Contribution Amount**") and agree to make available to GMF cash equal in the aggregate to the Contribution Amount at the times required under the Contribution Agreement. The Contribution Agreement sets forth conditions to the Kohl Parties' obligation to make payments under the Contribution Agreement, and provides that the District shall submit to GMF and KPG, no more frequently than once per month, a request (a "**Contribution Request**") for GMF to contribute a portion of the Contribution Amount for the payment of Permitted Arena Costs (as defined with the Contribution Agreement). See "APPENDIX E – SUMMARIES OF PRINCIPAL AGREEMENTS – CONTRIBUTION AGREEMENT." Pursuant to the Contribution Agreement, Kohl also pledges to gift, or to cause to be gifted, additional funds to KPG equal to the difference between the requested amount of any Contribution Request validly made under the Contribution Agreement and the amount of the funds actually contributed to GMF by KPG. Under the Contribution Agreement, GMF agrees to contribute all funds made available to GMF by KPG and Kohl to the District for the sole specific public purpose of paying Permitted Arena Costs (as defined in the Contribution Agreement).

City Disbursement Agreement

The City Disbursement Agreement provides for the terms of disbursement of the City Commitment for the Parking Facilities (the "**City Parking Facilities Contribution**"). The City Disbursement Agreement sets forth preconditions that must be met before the City Parking Facilities Contribution may be disbursed, and procedures for the disbursement of the City Parking Facilities Contribution. See "APPENDIX E – SUMMARIES OF PRINCIPAL AGREEMENTS – CITY DISBURSEMENT AGREEMENT." Under the City Disbursement Agreement, the City and ArenaCo acknowledge that additional funds (proceeds of the RACM Bond) were subsequently deposited with the Escrow Agent, which are required to be disbursed in accordance with the City Disbursement Agreement.

Arena Agreement

Under the Arena Agreement, ArenaCo leases from the District the Arena and Arena Land. The Arena Agreement includes agreements between the parties regarding matters including (i) the use of the Arena and Arena Land, (ii) ArenaCo's responsibility for the management, operation and maintenance of the Arena, (iii) insurance, (iv) payment of an annual fee by ArenaCo to the District, and (v) ongoing interim use of the Current Arena and its transfer and demolition after the Secretary of Administration certifies that the Arena has been completed.

Non-Relocation Agreement

Under the Team Non-Relocation Agreement dated as of April 13, 2016, between the District and TeamCo (the "**Non-Relocation Agreement**"), the Team agrees to play substantially all of its Home Games in the Arena, subject to certain permitted exceptions. Under the Non-Relocation Agreement, TeamCo also agrees to other related matters, including (i) maintaining its existence as an entity organized under the laws of the State (or the State of Delaware) with its corporation headquarters and principal place of business within the City limits, (ii) maintaining the Team's membership in the NBA, and (iii) causing the name "Milwaukee" to be included in the first part of the Team's name. The Non-Relocation Agreement provides that TeamCo will not (i) relocate the Team outside the boundaries of the City, (ii) enter into any contract that obligates the Team to play Home Games at any location other than the Arena, or (iii) solicit, enter into, or participate in any negotiations or discussions with third parties (including the NBA) with respect to any agreement, legislation or financing that would contravene the Non-Relocation Agreement. The Non-Relocation Agreement specifies conditions under which TeamCo may sell or otherwise dispose of its interest in and to the Team, or grant a pledge, security interest or lien against such interest, which include that any such transfer or lien be made subject to the requirements and obligations of the Non-Relocation Agreement. The Non-Relocation agreement specifies types of non-relocation defaults and provides for specific performance and injunctive relief, and includes a schedule of liquidated damages depending on the type of non-relocation default.

Team Use Agreement

Under the Team Use Agreement dated as of April 13, 2016, between ArenaCo and TeamCo, as amended by the First Amendment to Team Use Agreement dated as of May 17, 2016 (as amended, the "**Team Use Agreement**"), ArenaCo grants to TeamCo a license to use the Arena, including for the Team to play its Home Games at the Arena. The Initial Term (as defined below) under the Team Use Agreement is 30 years, with an option for TeamCo to extend the Initial Term for two additional five-year terms.

RISK FACTORS

The following discussion of risks with respect to the Series 2016 Bonds is not intended to be comprehensive, but rather is intended to summarize certain matters that could adversely affect the beneficial owners of the Series 2016 Bonds, and such risks are not necessarily presented in order of their magnitude.

Revenue Obligations

The Series 2016 Bonds are limited obligations payable solely from amounts held by the Trustee under the General Resolution, which primarily consist of the District's Tax Revenues. No representation or assurance can be made that Tax Revenues will be realized in amounts sufficient to pay principal of, and interest on, the Series 2016 Bonds when due. The District's Tax Revenues and the other amounts held by the Trustee under the General Resolution constitute the only property pledged to secure the payment of the Series 2016 Bonds. No physical collateral secures the payment of the Series 2016 Bonds. Moreover, in the event the amount of the District's Tax Revenues is inadequate for payment of the Series 2016 Bonds, the Trustee cannot compel the District to impose taxes at a higher rate.

The amount of Tax Revenues collected is expected to be sufficient to pay debt service on the Series 2016 Bonds. However, no assurance can be given that such expected results will in fact be achieved, nor can there be any assurance that the sufficiency of historic Tax Revenues collections portends the sufficiency of future Tax Revenues collections.

Neither the full faith and credit nor the taxing power of the State of Wisconsin, the City of Milwaukee, the County of Milwaukee, or any political subdivision of the State of Wisconsin other than the District (with respect to the Tax Revenues) will be pledged to the payment of the principal of, premium, if any, or interest on the Series 2016 Bonds.

The Series 2016 Bonds do not constitute an obligation of the City, ArenaCo, GMF, KPG or any of their respective affiliates. The Series 2016 Bonds are not secured by any interest in the Arena nor any property of or interest in ArenaCo, TeamCo, the Team or any of their respective affiliates.

Parity Debt

The Series 2016 Bonds will be secured on a parity basis with the Prior Senior Bonds and any Additional Senior Bonds issued in the future in respect to the lien on the Tax Revenues under the General Resolution. Any such Additional Senior Bonds would be entitled to share ratably with the holders of the Series 2016 Bonds and the Prior Senior Bonds in any moneys realized from the exercise of remedies under the General Resolution in the event of a default by the District.

Reliance on Projections

The District's ability to make debt service payments on the Series 2016 Bonds depends on its receipt of sufficient Tax Revenues. The Tax Projection Study contained in APPENDIX D herein was prepared by the Feasibility Consultant and has not been independently verified by any other party. The projections are "forward-looking statements" of the type defined in the Private Litigation Reform Act of 1995. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking

statements and actual results, and that those differences could be material. Neither the District nor any of the Underwriters has independently verified such projections, and each makes no representation nor gives any assurances that such projections or the assumptions underlying them, are complete or correct.

The Feasibility Consultant has derived its projections from the actual Tax Revenues received by the District and from assumptions made by the Feasibility Consultant about future Tax Revenues. There can be no assurance that the actual Tax Revenues will be consistent with the assumptions underlying the projections contained herein. Moreover, no guarantee can be made that the projections of Tax Revenues contained therein will correspond with the results actually achieved in the future because there is no assurance that actual events will correspond with the assumptions made by the Feasibility Consultant. Actual Tax Revenues may be affected by many factors, as more particularly described below. Refer to "APPENDIX D – TAX PROJECTION STUDY" to review the projections and to consider the various factors that could cause actual results to differ significantly from projected results.

Impact of General Economic Factors

The receipt by the Trustee of the District's Tax Revenues depends on the economic activity related to the specific taxes. The Tax Revenues resulting from the Basic Room Tax and the Additional Room Tax depend on the utilization of the lodging facilities in the District's taxing jurisdiction and the rent charged for the rooms. A reduction in the number of facilities or rooms rented, or rent charged for such rooms, would result in a reduction in the Tax Revenues from the Basic Room Tax and the Additional Room Tax. The Tax Revenues resulting from the Local Food and Beverage Tax depend on the sales of food and beverages in the District's taxing jurisdiction which are subject to the Wisconsin sales or use tax. A reduction in sales would result in a reduction in the Tax Revenues from the Local Food and Beverage Tax. The Tax Revenues resulting from the Local Car Rental Tax depend on the rental of motor vehicles. A reduction in rentals would result in a reduction in the Tax Revenues from the Local Car Rental Tax.

The amount of Tax Revenues will be affected by economic factors such as the number of travelers to the area, the opening or closing in the area of lodging facilities, car rental agencies, and restaurants, and pricing decisions made by operators of such facilities.

The Tax Projection Study states that its projections are subject to a variety of known and unknown risks and describes several of the more important known potential risk factors that could significantly affect revenue projections. See "Reliance on Projections" above and "APPENDIX D – TAX PROJECTION STUDY."

Suitability of Investment

An investment in the Series 2016 Bonds involves elements of risk, and the Series 2016 Bonds are not suitable investments for all persons. Prospective purchasers should evaluate the risks and merits of an investment in the Series 2016 Bonds before considering such a purchase.

Arena Construction and Operation Risk

Although the District's Tax Revenues and ultimately repayment of the Series 2016 Bonds are not directly dependent on the timely completion of the construction of the Arena and surrounding facilities, or their continuing operation, any delay in such construction or events affecting such operation could impact the District's Tax Revenues. For example, such events may negatively impact hotel occupancy and local food and beverage sales, resulting in a reduction of the Tax Revenues. The Tax Projection Study does not quantify the impact of the Arena or the surrounding facilities on the Tax Revenues and the District is unable to estimate such impact.

Construction and continued operation of the Arena are subject to a number of risks, including, without limitation, those described below.

Construction of Arena

Completion of the Arena involves many risks common to large construction projects, such as shortages of materials and labor, work stoppages, labor disputes, litigation, environmental problems and compliance, errors and omissions by architects, engineers and contractors, significant increases in material costs, weather, accidents, contractor or subcontractor defaults, defective workmanship and permitting and approvals, any of which could lead to delays or cost overruns. If plans regarding construction of the Arena result in construction costs that exceed the amount available to pay such costs, the construction plans would have to be modified to lower construction costs, and there is a risk that construction of the Arena would not be completed as planned and in a timely fashion. Although ArenaCo has entered into the Contractor Agreement with the Arena Contractor and will enter into the GMP Amendment that includes the Guaranteed Maximum Price, there can be no guaranty that actual construction costs will not exceed such amount, and hence exceed the amount available for construction purposes, due to unforeseen factors such as an overrun of allowance items, unexpected site problems, or delays due to the fault of any of the parties relevant to such construction.

Any and all aspects of construction, including but not limited to, labor and materials, could be subject to material increases in cost. Although ArenaCo believes its estimates of costs of the Arena and the adequacy of the contingencies are reasonable, it is possible that ArenaCo's judgments and assumptions are materially mistaken and that the actual costs of the Arena will vary materially from the estimates thereof, including those set forth in this Official Statement. Further, retention amounts may be insufficient to cover additional costs arising due to factors such as unforeseen site conditions or contract omissions. In addition, although payment and performance completion bonds are contemplated to protect against costs associated with transferring a project to a new contractor, disputes can arise as to their enforcement and in any event they cannot protect against timing delays when projects run into difficulty (due to performance of contractors or any other reason). More generally, the timing of completion of the Arena may be delayed due to unforeseen factors such as unexpected site problems, labor disputes, rain, flooding, delays of public companies, government bureaucracy, fire, unusual delays in deliveries, unavoidable casualties, or other causes beyond the control or fault of contractors, the District, ArenaCo or others. No assurance can be given that construction of the Arena will be completed on time.

Governmental Permits and Approvals

Construction of the Arena requires numerous state and local governmental permits and approvals, which are subject to discretion. ArenaCo is not aware of any circumstances that would prevent them from obtaining the necessary approvals, consents, certificates and permits as needed in order to construct the Arena in a timely fashion. Any failure to obtain such approvals, consents, certificates and permits could result in delay with respect to completion of the Arena. In addition, the State and local statutory and regulatory requirements (including requirements to obtain additional permits or approvals) applicable to the Arena are subject to change. No assurance can be given that ArenaCo will be able to comply with any such changes or that the changes will not materially increase the cost of the Arena or cause delays.

Environmental Risks

Construction of the Arena will be subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability for remediating adverse environmental conditions on or relating to the Arena, whether arising from pre-existing conditions or conditions arising as a result of activities conducted in connection with the ownership of and operations at the Arena. Environmental matters may arise during the construction of the Arena and, as a result, ArenaCo, the Arena Contractor or their affiliates may incur significant delays related to any such environmental conditions, and significant expenses, if found liable for such conditions. In particular, normal construction activity could trigger the need for additional permits dealing with, among other things, such issues as construction noise, accidental spills or discharges, equipment malfunctions or removal of contamination disturbed by such construction activity.

Extensive environmental due diligence, including soil and groundwater testing, has been conducted on the Arena site in contemplation of the construction of the Arena. The following contamination has been identified at the Arena site: soil and historic fill contaminated with low level polyaromatic hydrocarbons ("PAHs"), metals, polychlorinated biphenyls ("PCBs") and limited areas of volatile organic compounds ("VOCs"). Contaminants in soil are present above certain regulatory cleanup standards set forth by the Wisconsin Department of Natural Resources (the "WDNR"); specifically, above the non-industrial direct contact residual contaminant levels ("RCLs"), industrial direct contact RCLs, and soil to groundwater pathway RCLs. Groundwater investigations conducted at the Arena site have identified limited impacts to groundwater. In correspondence dated February 24, 2016, the WDNR has determined that the site investigation for the Arena site is complete, and no additional soil or groundwater investigation is required. Additionally, the WDNR approved the remedial action plan selected for this site, for the identified contamination. The remedial action plan incorporates features of the Arena development to address potential risks associated with soil and groundwater contamination that will remain in place (residual contamination) after the Arena has been constructed. The WDNR has determined that engineered barriers consisting of the Arena building and pavement surrounding it will provide protection in compliance with current environmental laws against direct contact and also protect against additional impacts to the groundwater from the contaminants that have been identified at the site. The WDNR has agreed that existing groundwater contamination can be cleaned up in the long term by natural attenuation.

In separate correspondence dated February 15, 2016, the WDNR granted an approval to build the proposed Arena on the Arena site, despite the fact that this site had historically received fill material. This WDNR approval is required in order to construct on a historic fill site. The WDNR found that the Arena site historically received non-organic fill material consisting of concrete, bricks, glass and foundry sand. The WDNR further determined that the nature of the fill material does not present a risk of methane gas generation, and the chlorinated VOCs identified at the site are not expected to pose a vapor intrusion problem.

The existence or discovery of hazardous materials in addition to the ones addressed by the WDNR approval described above may limit the beneficial use of the Arena. In general, the owners and lessees of the Arena may be required by law to remedy conditions relating to the release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly referred to as "**CERCLA**" or the "**Superfund Act**") is the most well known and widely applicable of these laws, but State laws with regard to hazardous substances are similarly stringent. Under many of these laws, the owner or lessee is obligated to remedy a hazardous substance condition of the property whether or not the owners or lessee had anything to do with creating or handling the hazardous substance. It is also possible that the beneficial use of the Arena may be limited in the future because of the current existence on, in, or under the Arena of a substance currently classified as hazardous but which has not been released or the release of which is not currently threatened, or because of the current existence on, in, or under the Arena of a substance not currently classified as hazardous but which might in the future be so classified. Furthermore, liability might arise not only from the existence of a hazardous substance but also from the method in which it is handled. While, the District is currently unaware of the existence of other hazardous substances on, in, or under the Arena Land that would materially interfere with the beneficial use thereof, all of these possibilities could substantially limit the beneficial use of the Arena.

ArenaCo May Not Satisfy Its Obligation to Provide Funds to Complete the Arena

Under the Funding Agreement, ArenaCo is obligated to pay all costs of constructing the Arena in excess of the District Commitment, the City Commitment and the Kohl Commitment. ArenaCo has entered into the ArenaCo Loan, and, to the extent proceeds from the ArenaCo Loan are insufficient to fund all of the ArenaCo Commitment, ArenaCo will fund the ArenaCo Commitment from equity or any other source ArenaCo chooses. No assurance can be given, however, that such equity or other sources of funds will be available to ArenaCo at the time and in the amount necessary to make up any such insufficiency. Further, no assurance can be given that any conditions necessary for ArenaCo to make draws under the ArenaCo Loan will be satisfied. Although ArenaCo has agreed that the necessary funds will be timely raised, there can be no assurance that the funds will be raised or that the amount of the funds will be sufficient to make the full payment of the cost of completing the Arena. This Official Statement contains no financial information regarding ArenaCo. As a result, in making an investment decision with respect to the Series 2016 Bonds, a purchaser can have no assurance, based on the information herein, that ArenaCo will have the ability to meet its obligations under the agreements to which it is a party.

Third Party Contract Risk

Completion of the Arena depends on the performance by third parties (including, for example, the Arena Contractor, the Architect, the Project Manager, the Preconstruction Consultant and other subcontractors) of their obligations under their contracts for design and construction of the Arena, including obligations with respect to the coordination of construction. If these parties do not perform their obligations, if construction and design are not adequately coordinated, if disputes arise between parties, or if third parties are excused from performing their obligations because of nonperformance by ArenaCo or the Arena Contractor or because of force majeure events, then ArenaCo may not be able to acquire substitute services or substitute services on substantially the same terms and conditions or may be required to incur greater construction costs, and ArenaCo's ability to complete the Arena may be adversely affected. This Official Statement contains no financial information regarding any such third parties. As a result, in making an investment decision with respect to the Series 2016 Bonds, a purchaser can have no assurance, based on the information herein, that such third parties will have the ability to meet their obligations under the agreements to which they are a party.

Future War, Terrorist Activities or Political Uncertainties

Sporting and other spectator events and leisure travel are vulnerable to threats occasioned by war and terrorist activities. An attack in the United States generally, or in the Milwaukee area specifically, could decrease customer interest in attending Milwaukee Bucks and other Arena events, as well as events held at the District's other facilities. Also, terrorist attacks at other sports or entertainment venues in the United States or elsewhere could reduce attendance at the Arena and the District's other facilities. As a result, future acts of war, terrorism or hostilities could adversely affect the District's Tax Revenues, which are pledged to secure the payment of the Series 2016 Bonds.

Maintenance, Repair and Risk of Loss

ArenaCo will be responsible for all maintenance, repairs, capital repairs, capital replacements and capital improvements of the Arena. These responsibilities can require substantial expenditures. Although the Arena Agreement will require ArenaCo to purchase and maintain customary insurance coverage, including property insurance at full replacement cost, there can be no assurance that the deductibles and exclusions from such policies will not increase over time, that such insurance will be sufficient or will cover each potential loss (either in whole or in part), or that the applicable insurers will have the financial ability to pay covered losses or will pay such losses without the necessity of litigation.

Damage to or Destruction of the Arena

In the event of damage to or destruction of the Arena, ArenaCo will generally be required under the Arena Agreement to repair and restore the Arena within 24 months after the date of the damage or destruction, subject to adjustment as provided in the Arena Agreement. Under the Arena Agreement, ArenaCo may terminate the Arena Agreement without penalty and not repair and restore the Arena if net insurance proceeds and other amounts specified under the Arena Agreement are not sufficient to repair and restore the Arena. There can be no assurance that the net insurance proceeds will be sufficient for the required purposes or that the applicable insurers will have the financial ability to pay the covered losses or will pay such losses without the necessity of litigation.

Disbursement of Kohl Commitment

The Kohl Commitment will be made available under the Funding Agreement upon satisfaction of certain conditions under the Contribution Agreement, including, without limitation, satisfying eligibility requirements for the types of expenditures requested for reimbursement. The District's obligation to disburse any of the Kohl Commitment is conditioned upon and subject to the District receiving confirmation from the District Representative that all disbursement request procedures under the Funding Agreement have been completed in all material respects and conditions to funding under the Funding Agreement have been satisfied in all material respects. Any termination of the Contribution Agreement or delay in or reduction or suspension of the Kohl Commitment due to the failure to meet the requirements for funding could have a material adverse effect on ArenaCo's ability to complete the Arena. No assurance can be given that alternative funds would be available for the Arena or what the terms of such alternative funding, if available, would be.

Relocation and Enforceability of Non-Relocation Agreement

Pursuant to the terms of the Non-Relocation Agreement, TeamCo has contracted to play substantially all of its home games in the Arena, subject to conditions contained therein (see "PRINCIPAL AGREEMENTS – Non-Relocation Agreement"). Notwithstanding the provisions of the Non-Relocation Agreement and the availability of equitable remedies and/or substantial monetary damages provided therein for violation thereof, there can be no assurance that TeamCo will not violate the Non-Relocation Agreement, or that the Non-Relocation Agreement would not be rejected in the context of a bankruptcy case, or that TeamCo will not attempt to relocate the Team to a new arena and market. There also can be no assurance that a court will allow the District to enforce the Non-Relocation Agreement via equitable remedies, including specific performance, and thereby prevent relocation of the Team. There also can be no assurance that TeamCo would be able to pay in full the substantial monetary damages called for by the Non-Relocation Agreement in the event the equitable remedies therein are not available.

Insofar as the Non-Relocation Agreement contains equitable remedies, a court of equity has broad discretion as to whether to grant equitable relief, including whether to require the specific performance of such agreement. Furthermore, the liquidated damages provision contained in the Non-Relocation Agreement may be found to be excessive or punitive, in which case it may be disallowed. As a result, the enforcement of such remedy could prove both expensive and time-consuming. In addition, there can be no assurance that TeamCo would be able to pay in full the liquidated damages called for in the Non-Relocation Agreement. Furthermore, the District has agreed to apply the proceeds of any such liquidated damages first to the redemption of the Appropriation Bonds and second to the redemption of the Private Placement Bonds, under the extraordinary redemption provisions applicable thereto.

Although the District would have an interest, following any relocation of the Team, in attracting another NBA team to play its home games in the Arena, there can be no assurance that a team can be attracted (either through relocation of an existing team or expansion), that the NBA would approve such a relocation (or agree to expand) or that any team that was attracted to the Arena would agree to such terms, would begin playing on a timely basis or would generate Tax Revenues comparable to those projected by the Tax Projection Study. In addition, under Act 60 the District may only equip, maintain, improve, operate and manage the Arena following any relocation of the Team from moneys received from TeamCo, the Team or their affiliates resulting from the breach of the Non-Relocation Agreement, which moneys may not be available.

Furthermore, TeamCo and the Team are subject to the league rules of the NBA (the "**League Rules**"). It is unclear what legal effect such League Rules may have on the enforceability of the Non-Relocation Agreement. The League Rules and/or future changes thereto could limit, modify or prevent the enforcement of such agreement or modify the benefits afforded thereby.

No Acceleration

The Bond Resolutions do not provide for acceleration of the maturity of the Series 2016 Bonds in the event of a payment default or other event of default. As a practical matter, it is not possible to accelerate the receipt by the Trustee of the District's Tax Revenues.

Dishonor of Policy

The Insured Bonds will be issued with the Policy to be drawn upon to remedy deficiencies in the Series 2016 Principal Account and the Series 2016 Interest Account to pay debt service on the Insured Bonds if funds in such accounts are not sufficient for payment. This Preliminary Official Statement does not contain, and the Final Official Statement will not contain, any financial information regarding AGM, the provider of the Policy, other than contained under the heading "CREDIT FACILITY" herein. As a result, in making an investment decision with respect to the Insured Bonds, a purchaser can have no assurance, based on the information herein, that AGM will have the ability to meet its obligations under the Policy.

In addition, failure by the credit facility providers of any of the other Prior Bonds to meet their obligations under such credit facilities could negatively impact the District's ability to pay debt service on the Series 2016 Bonds.

Credit Facility Providers and Debt Service Reserve Account Credit Facility Providers

The Series 1996A Senior Bonds are secured by a bond insurance policy and a Debt Service Reserve Fund Surety Bond issued by MBIA, the Series 2003A Senior Bonds are secured by a bond insurance policy and a Debt Service Reserve Fund Surety Bond issued by Financial Guaranty Assurance Inc. (which has been succeeded by AGM) and the Insured Bonds will be secured by the Policy and all of the Series 2016 Bonds will be secured by a Debt Service Reserve Fund Surety Bond issued by AGM.

MBIA and AGM have certain notice and consent rights, and MBIA has rights relative to the District's issuance of Additional Bonds under the General Resolution (see "ISSUANCE OF ADDITIONAL BONDS" herein), which were negotiated solely for their own benefit at the time of issuance of the applicable bonds and remain in effect so long as the applicable bonds are outstanding or such rights are amended by such providers.

Ratings

Any credit rating assigned to the Series 2016 Bonds reflects only the views of the rating agency, from which an explanation of the significance of its rating may be obtained. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the liquidity or market prices of the Series 2016 Bonds.

Amendment of the Bond Resolutions

Certain amendments to the Bond Resolutions may be made with the consent of the owners of a majority in aggregate principal amount of the Outstanding Bonds, which may be composed of Bonds other than the Series 2016 Bonds. Such amendments may adversely affect the security of the beneficial owners of the Series 2016 Bonds.

The Award Certificate expressly authorizes a broker, dealer, or municipal securities dealer that is the Owner of any Outstanding Bonds at the time of a request for consent to a proposed amendment to the Bond Resolutions, whether in the capacity of underwriter, remarketing agent, or otherwise, to provide any consent that may be, or is required to be, given by an Owner of an Outstanding Bond.

Market for Series 2016 Bonds

Subject to prevailing market conditions, the Underwriters intend, but are not obligated, to make a market in the Series 2016 Bonds. There is presently no secondary market for the Series 2016 Bonds, and no assurance can be given that a secondary market will develop. Consequently, investors may not be able to resell the Series 2016 Bonds purchased should they need or wish to do so.

Tax Status of Series 2016 Bonds

Future federal legislation may cause the interest on the Series 2016 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent the owners from realizing the full current benefit of the tax status of the interest on the Series 2016 Bonds.

More specifically, there have been or currently are proposals pending in Congress that would seek to eliminate the tax exemption for obligations issued to finance stadiums or arenas for professional sports. The parties to this financing can make no representation as to the outcome of any such current or future proposals or the effect any such proposals may have on the tax status of the interest on the Series 2016 Bonds.

In the event of an examination by the IRS, the owners of the Series 2016 Bonds would have little or no right to participate in the examination. Moreover, obtaining judicial review may not be practicable. Actions of the IRS may affect the market price, or the marketability, of the Series 2016 Bonds.

Bankruptcy

Municipalities (which term may include local exposition districts such as the District) are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "**Bankruptcy Code**"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law, or the Bankruptcy Code, will not change in the future, while the Series 2016 Bonds are outstanding, in a way that would allow the District to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9. If, in the future, the District were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the District could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the District is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the District could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Series 2016 Bonds could be modified in bankruptcy proceedings, whether those rights arise under the principal documents described in this Official Statement or under applicable State law, which could be superseded by conflicting provisions of federal bankruptcy law. Such modifications could be adverse to holders of the Series 2016 Bonds, and there could ultimately be no assurance that holders of the Series 2016 Bonds would be paid in full or in part on the Series 2016 Bonds. Further, under such circumstances, there could be no assurance that the Series 2016 Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Series 2016 Bonds could be viewed as having no priority (a) over claims of other creditors of the District; (b) to any particular assets of the District, or (c) to revenues otherwise designated for payment to holders of the Series 2016 Bonds.

Moreover, if the District were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Series 2016 Bonds would not occur.

Continuing Disclosure

A failure by the District to comply with its Continuing Disclosure Agreement (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Series 2016 Bonds. Any such failure must be reported and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Series 2016 Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Series 2016 Bonds and their market price.

Limitations on Remedies

The rights of the owners of the Series 2016 Bonds are subject to the limitations on legal remedies, including applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally, now or hereafter in effect and to the application of general principles of equity.

Changes in Law

The District has the power to levy the District Taxes under the Act. Future changes to the Act could be adverse to the District's power to levy and collect the District Taxes and could adversely affect the security for the Series 2016 Bonds. The District cannot predict the likelihood of any such future changes in law.

LITIGATION

There is no litigation of any nature pending or, to the District's knowledge, threatened:

- Seeking to restrain or enjoin the issuance, sale, or delivery of the Series 2016 Bonds or the execution and delivery of the bond purchase agreement between the District and the Underwriters or any other document executed and delivered by the District in connection with the issuance and sale of the Series 2016 Bonds (the "**Financing Documents**") or the performance of the District under the Bond Resolutions;
- Calling into question the validity of the Financing Documents or the authority of the District to make or perform its obligations under the Financing Documents;
- In any way contesting or affecting the validity of the Series 2016 Bonds or any proceedings of the District taken with respect to the issuance or sale thereof which if adversely decided would materially affect the District's ability to perform its obligations under the Financing Documents; or
- Challenging the authority of the District to levy and impose the Local Food and Beverage Tax, the Basic Room Tax, the Additional Room Tax, or the Local Rental Car Tax as currently levied and imposed.

TAX MATTERS

General

The opinion of Bond Counsel and the descriptions of the tax laws contained in this Official Statement are based on laws and official interpretations of them which are in existence on the date the Series 2016 Bonds are issued. There can be no assurance that those laws or the interpretations of them will not change or that new laws will not be enacted or regulations issued while the Series 2016 Bonds are outstanding in a manner that would adversely affect the value of any investment in the Series 2016 Bonds or the tax treatment of the interest paid on the Series 2016 Bonds.

Federal Income Tax Opinion of Bond Counsel

Quarles & Brady LLP, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Series 2016 Bonds under existing law in substantially the form set forth in APPENDIX F hereto.

Other Federal Income Tax Considerations

Interest on the Series 2016 Bonds is included in the adjusted current earnings of corporations for purposes of the alternative minimum tax imposed by Section 55 of the Code. The Code also contains numerous other provisions which could adversely affect the value of an investment in the Series 2016 Bonds for particular Bondowners. Bond Counsel will not express any opinion as to such collateral tax consequences. Investors should consult their tax advisors as to such collateral tax consequences and to determine how the provisions described under the subheadings "Original Issue Discount" and "Bond Premium" below and other provisions of the Code relating to the ownership of tax-exempt obligations apply to them.

Wisconsin Income Tax

The interest on the Series 2016 Bonds is exempt from all present Wisconsin income taxes imposed on individuals and fiduciaries. However, such interest is subject to present Wisconsin income taxes imposed on corporations and must be included in the measure of tax for Wisconsin corporate franchise tax purposes.

Original Issue Discount

To the extent that the initial public offering price of certain of the Series 2016 Bonds is less than the principal amount payable at maturity, such Series 2016 Bonds ("**Discounted Bonds**") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold ("**issue price**"). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction. In the case of corporate owners of Discounted Bonds, a portion of the original issue discount that is accrued in each year will be included in adjusted current earnings for purposes of calculating the corporation's alternative minimum tax liability. Corporate owners of any Discounted Bonds should be aware that such accrual of original issue discount may result in an alternative minimum tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

Bond Premium

To the extent that the initial offering price of certain of the Series 2016 Bonds is more than the principal amount payable at maturity, such Series 2016 Bonds ("**Premium Bonds**") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

Pending or Proposed Federal Tax Legislation

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2016 Bonds. Prospective purchasers of the Series 2016 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

FUTURE FINANCING

The District has no plans to issue any additional obligations payable from Tax Revenues in the next 12 months. However, the District is in the preliminary stages of discussing long-range planning for the Wisconsin Center. See "THE DISTRICT – District Facilities – The Wisconsin Center."

CONTINUING DISCLOSURE

Agreement

In connection with the issuance of the Series 2016 Bonds, the District will enter into a Continuing Disclosure Agreement (the "**Undertaking**") with the Trustee, acting as dissemination agent, for the benefit of the Underwriters and beneficial owners of the Series 2016 Bonds. Under the Undertaking, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of listed events, for so long as the Series 2016 Bonds remain Outstanding. The form of the Undertaking is attached as APPENDIX G.

A default under the Undertaking is not deemed an Event of Default under the Bond Resolutions, and the sole remedy under the Undertaking in the event of any failure of the District to comply with the Undertaking shall be an action to compel performance.

Prior Undertakings and Compliance

In addition to the Undertaking, the District also entered into continuing disclosure agreements in connection with the issuance of the Outstanding Bonds.

Except as described in this paragraph, during the previous five years, the District has not failed to make any filings required by any of its continuing disclosure agreements. The District's annual financial information and operating data filing for the District's fiscal year ended December 31, 2011, which the District is required to file with the MSRB no later than six months after the end of each fiscal year, was not filed under the CUSIP number for the District's Variable Rate Demand Revenue Bonds, Series 2001A (which were refunded with the proceeds of the Series 2013A Junior Bonds) until January 22, 2013. Also, the District's filings for each of the past five years did not include certain operating data required under prior continuing disclosure agreements. Further, the District did not provide notice of bond insurer rating changes for the District's Series 1996A Senior Bonds, Series 1999 Junior Bonds and Series 2003A Senior Bonds. The District has since caused the dissemination agent for the Outstanding Bonds to file such missing operating data and notice of such bond insurer rating changes with the Electronic Municipal Market Access System ("**EMMA**") of the MSRB. Except to the extent the preceding is deemed to be material, in the previous five years, the District has not failed to comply in all material respects with any previous continuing disclosure

undertakings. The District has reviewed its continuing disclosure responsibilities to help ensure compliance in the future.

Any failures of the District to comply with any of its continuing disclosure agreements must be reported and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Series 2016 Bonds in the secondary market. Consequently, such failures may adversely affect the liquidity of the Series 2016 Bonds and their market price.

BOOK-ENTRY SYSTEM

The Series 2016 Bonds are being issued under a book-entry system. Purchasers of the Series 2016 Bonds will not receive bond certificates but instead will have their ownership in the Series 2016 Bonds recorded in the book-entry system.

Series 2016 Bond certificates are to be issued and registered in the name of Cede & Co., as nominee of DTC, which acts as a securities depository for the Series 2016 Bonds. Ownership of the Series 2016 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (the "**DTC Participants**"). All transfers of ownership in the Series 2016 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The District or the Trustee will make all payments of principal of, and interest on, the Series 2016 Bonds to DTC. Owners of the Series 2016 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The District or the Trustee will provide any notices or other communications about the Series 2016 Bonds to DTC. Owners of the Series 2016 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but will rather assign its voting rights through the DTC Participants.

Redemption

If less than all the Series 2016 Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the Series 2016 Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and no successor securities depository appointed, bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. The District is not responsible for any information available on DTC's web site. That information may be subject to change without notice.

The District is not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the Series 2016 Bonds or to follow the procedures established by DTC for its book-entry system.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale by the District of the Series 2016 Bonds are subject to the approving legal opinion of Quarles & Brady LLP, Bond Counsel. The proposed form of the opinion of Bond Counsel is included herein as APPENDIX E. Certain legal matters will be passed upon for the Underwriters by their counsel, Nixon Peabody LLP. Certain legal matters will be passed upon for the District by its general counsel, Michael Best & Friedrich LLP.

Quarles & Brady LLP has been retained by the District to serve as Disclosure Counsel to the District with respect to the Series 2016 Bonds. Although, as counsel to the District, Quarles & Brady LLP has assisted the District with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Series 2016 Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Series 2016 Bonds for any investor.

UNDERWRITING

The Underwriters, acting through Morgan Stanley & Co. LLC, have jointly and severally agreed to purchase the Series 2016 Bonds subject to certain conditions set forth in a bond purchase agreement with the District. The bond purchase agreement provides that the obligations of the Underwriters to accept delivery of the Series 2016 Bonds are subject to various conditions, but the Underwriters will be obligated to purchase all the Series 2016 Bonds if any Series 2016 Bonds are purchased. The Underwriters have agreed to purchase the Series 2016 Bonds for a price of \$_____, which reflects par, plus the net original issue premium of \$_____, less an underwriter's discount of \$_____. The Underwriters reserve the right to join with dealers and any other underwriters in offering the Series 2016 Bonds to the public.

The Underwriters are also serving as underwriters in connection with the issuance of the District's Appropriation Bonds and Morgan Stanley & Co. LLC is additionally acting as placement agent in connection with the private placement of the District's Private Placement Bonds. The Underwriters will receive fees for its services, which fees are contingent on the successful issuance of the Appropriation Bonds and Private Placement Bonds. One of the Underwriters of the Series 2016 Bonds is also affiliated to the Trustee.

The Underwriters and their affiliates include full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their affiliates, officers, directors, and employees may purchase, sell, or hold investments or other financial instruments for their own accounts and for the accounts of their customers. Such investment and trading activities may involve assets, securities, or other instruments of the State (directly, as collateral securing other obligations, or otherwise) or of others that have relationships with the State. The Underwriters and their affiliates may also communicate independent investment recommendations, market color, or trading ideas and may publish or express independent research views in respect of any such assets, securities, or instruments and may at any time hold, or recommend to clients that they should acquire, long or short positions in such assets, securities, or instruments.

The prices and other terms regarding the offering and sale of the Series 2016 Bonds may be changed from time to time by the Underwriters after such Bonds are released for sale, and the Series 2016 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such Bonds into investment accounts.

FINANCIAL ADVISOR

Robert W. Baird & Co. Incorporated is serving as Financial Advisor to the District in connection with the issuance of the Series 2016 Bonds.

RATINGS

Moody's has assigned its municipal bond rating of "A2" to the Series 2016 Bonds and its municipal bond rating of "A2" to the Insured Bonds with the understanding that upon delivery of the Insured Bonds, a policy insuring the payment of the scheduled principal of (or, in the case of Capital Appreciation Bonds, the Accreted Value of) and interest on the Insured Bonds when due will be issued by AGM. S&P has assigned its municipal bond rating of "A" to the Series 2016 Bonds and its municipal bond rating of "AA" to the Insured Bonds with the understanding that upon delivery of the Insured Bonds, a policy insuring the payment of (or, in the case of Capital Appreciation Bonds, the Accreted Value of) and interest on the Insured Bonds when due will be issued by AGM.

Such ratings reflect only the views of the rating agency furnishing the same from which an explanation of the significance of such rating may be obtained. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. The District has furnished to each rating agency rating the Series 2016 Bonds being offered information, including information not included in this Official Statement, about the District and the Series 2016 Bonds. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the liquidity or market prices of the Series 2016 Bonds. Except as may be required by the Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the Underwriters undertake responsibility to bring to the attention of the owners of the Series 2016 Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

MISCELLANEOUS

The foregoing summaries or descriptions of provisions in the Act, the Bond Resolutions, the Principal Agreements, the Tax Projection Study, the book-entry system, and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such laws, resolutions, documents, or provisions. Accordingly, such summaries, descriptions, and references are qualified by reference to the complete documents relating to such matters for further information, copies of which will be furnished by the District on request.

Any statements made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract or agreement with the holders of any of the Series 2016 Bonds.

At the time of delivery of the Series 2016 Bonds, the District will furnish a certificate executed by the Chairperson and the President and Chief Executive Officer stating that to the best of their knowledge, after reasonable investigation, this Official Statement, other than the information under the caption "BOOK-ENTRY SYSTEM," as to which no representation, warranty, or agreement is made, did not (as of its date) and does not (at the delivery date of the Series 2016 Bonds) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The District has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered on behalf of the Wisconsin Center District.

WISCONSIN CENTER DISTRICT

By _____
Scott A. Neitzel, Chairperson

By _____
Russell Staerkel, President and Chief Executive Officer

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APPENDIX A

DEFINITIONS OF CERTAIN TERMS

To the extent not otherwise defined in this Official Statement, the following definitions apply to capitalized terms used in this Official Statement:

Account or **Accounts** shall mean any one or more of the accounts created or established within any Fund.

Accreted Value shall mean with respect to any Bond that is a Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (determined on the basis of the initial principal amount per \$5,000 at maturity thereof) plus the amount assuming compounding (as set forth in the applicable Series Resolution) of earnings which would be produced on the investment of such initial principal amount, beginning on the dated date of such Capital Appreciation Bond and ending at the maturity date thereof, at a yield which, if produced until maturity, will produce \$5,000 at maturity. As of any Valuation Date, the Accreted Value of any Capital Appreciation Bond shall mean the amount set forth in the applicable Series Resolution authorizing such Bond and as of any date other than a Valuation Date, the sum of (i) the Accreted Value on the preceding Valuation Date, and (ii) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, using for such calculation 30-day months and a 360-day year, and (2) the difference between the Accreted Values for such Valuation Dates.

Act shall mean collectively, Chapter 229, Subchapter II, "Local Exposition Districts," of the Wisconsin Statutes, Section 229.41 through Section 229.57 of the Wisconsin Statutes, as amended, Section 66.0615 of the Wisconsin Statutes, as amended, and Chapter 77, Subchapters VIII and IX, "Local Food and Beverage Tax" and "Local Rental Car Tax", Sections 77.98 through 77.983 and Sections 77.99 through 77.992, respectively, of Wisconsin Statutes, as amended.

Additional Bonds shall mean Bonds issued subsequent to the Series 2013A Junior Bonds.

Adjustable Rate Bond shall mean any Bond, the interest rate on which is not established at the time of calculation at a single numerical rate for the remaining term of such Bond, but for which the period between redeterminations of the interest rate is more than two years.

Adjusted Debt Service Requirements shall mean, during the applicable period and as of any date of calculation with respect to any series of Outstanding Bonds, the aggregate Debt Service Requirements for such period taking into account the following adjustments:

(a) With respect to Bonds that bear interest at a Variable Interest Rate, the aggregate Debt Service Requirements thereon shall be determined as if each such Bond bore interest at the Maximum Interest Rate; *provided, however*, (i) if the District (A) enters into a Qualified Swap Agreement with a Swap Provider requiring the District to pay a fixed interest rate on a notional amount, and (B) has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for a particular maturity of Bonds in a principal amount equal to the notional amount of the Qualified Swap Agreement, then during the term of such Qualified Swap Agreement and so long as the Swap Provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement, the interest rate on such Bonds shall be determined as if such Bonds bore

interest at the fixed interest rate payable by the District under such Qualified Swap Agreement, and (ii) if (A) Bonds of a specific maturity within a series bear interest at a Variable Interest Rate and Bonds which bear a Variable Interest Rate of another series with the same maturity are issued in an equal principal amount to the first such series of Bonds of the same maturity, and (B) the Variable Interest Rate of the first series of such Bonds varies inversely to the Variable Interest Rate of the second series of such Bonds of the same maturity so that the combined interest rate for the aggregate principal amount of such Bonds of the same specific maturity for both such series is determined by the District to result in a combined fixed interest rate, then so long as the same principal amount of each maturity of such series of Bonds remain Outstanding, the aggregate Debt Service Requirements thereon shall be determined as if all such Variable Interest Rate Bonds of such series and maturity bore interest at the combined fixed interest rate so determined by the District with respect to such aggregate principal amount of such Bonds.

(b) With respect to Fixed Interest Rate Bonds, if the District (i) enters into a Qualified Swap Agreement with a Swap Provider requiring the District to pay a variable interest rate on a notional amount, and (ii) has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for a particular maturity of Bonds in a principal amount equal to the notional amount of the Qualified Swap Agreement, then during the term of such Qualified Swap Agreement and so long as the Swap Provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement the interest rate on such Bonds shall be determined as if such Bonds bore interest at the Maximum Interest Rate on the notional amount of such Bonds.

(c) Except to the extent described in (d) below, with respect to Bonds secured by a Credit Facility, the aggregate Debt Service Requirements thereon shall be deemed to include all periodic Bond-Related Costs and other payments to the related Credit Facility Provider (including any Debt Service Reserve Fund Credit Facility Provider), but shall not include any amounts payable as principal of and interest and premium with respect to any reimbursement obligation to such Credit Facility Provider except to the extent that such payments on such reimbursement obligation are required to be made to the Credit Facility Provider in excess of any corresponding Debt Service Requirements with respect to such Bonds during such period.

(d) With respect to Optional Tender Bonds, the aggregate Debt Service Requirements thereon shall not include any amounts payable to a Credit Facility Provider pursuant to any reimbursement obligation arising as the result of the payment of any purchase price with respect to such Bonds on a Purchase Date except to the extent that, and for any period during which, the District is obligated to reimburse the Credit Facility Provider for payments made by such Credit Facility Provider directly or indirectly in satisfaction of any obligation to purchase such Bonds on any Purchase Date following the application of any proceeds of any remarketing of such Bonds.

(e) The aggregate Debt Service Requirements for any period on any Bonds shall not include (i) any interest which is payable from Capitalized Interest which is to be transferred to an Interest Account in a Bond Fund from a Capitalized Interest Account, or (ii) the amount of Debt Service Requirements on Bonds to be paid from amounts in a Debt Service Reserve Fund at the time of such computation for the period in question, but only if any such amount described in (i) or (ii) is available and is to be applied under the applicable Series Resolution to make interest payments on such Bonds when due.

(f) With respect to Crossover Refunding Bonds, the aggregate Debt Service Requirements thereon until the Crossover Refunding Bonds Break Date shall be disregarded.

(g) If the District enters into a Qualified Swap Agreement with a Swap Provider requiring the District to pay any amount in excess of the amount to be received by the District in connection therewith for the period for which any calculation of Adjusted Debt Service Requirement is to be made hereunder, then, to the extent not taken into account in (a) and (b) above, the net amount of such payments which may be required of the District (using the Maximum Interest Rate for such purpose if such amount is subject to any variation) shall be included in Adjusted Debt Service Requirements.

For this purpose, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of any Deferred Interest Bonds becoming due at maturity or by virtue of Mandatory Sinking Fund Requirements shall be included in the calculation of accrued and unpaid and accruing interest or principal installments on the date on which or for the period during which such amounts become due and payable unless otherwise specified in the Series Resolution authorizing such Capital Appreciation Bonds or Deferred Interest Bonds.

Appreciated Value shall mean with respect to any Bond that is a Deferred Interest Bond until the Interest Commencement Date thereon, an amount equal to the principal amount of such Deferred Interest Bond (determined on the basis of the initial principal amount per \$5,000 at the Interest Commencement Date thereof) plus the amount, assuming compounding (as set forth in the applicable Series Resolution) of earnings which would be produced on the investment of such initial principal amount, beginning on the dated date of such Deferred Interest Bond and ending on the Interest Commencement Date, at a yield which, if produced until the Interest Commencement Date, will produce \$5,000 at the Interest Commencement Date. As of any Valuation Date, the Appreciated Value of any Bond that is a Deferred Interest Bond shall mean the amount set forth for such date in the Series Resolution authorizing such Deferred Interest Bond and as of any date other than a Valuation Date, the sum of (i) the Appreciated Value on the preceding Valuation Date and (ii) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, and (2) the difference between the Appreciated Values for such Valuation Dates.

Bond Closing shall mean the date on which there is delivery by the District of, and payment for, a series of Bonds.

Bond Counsel shall mean any qualified firm of lawyers selected by the District whose expertise in matters relating to the issuance of obligations by states and their political subdivisions, the interest on which is excludable from gross income for purposes of Federal income taxation, is nationally recognized.

Bondowner or Owner shall mean the person in whose name a Bond is registered in the Bond Register.

Bond Register shall mean the register maintained by the Trustee pursuant to the General Resolution.

Bond-Related Costs shall mean (a) all costs, fees and expenses of the District incurred or reasonably related to any Liquidity Facility, Credit Facility, any remarketing or other secondary market transactions and any Qualified Swap Agreement (whether requiring the District to pay fixed or variable amounts) that the District has determined was entered into for the purposes of providing substitute interest payments for a particular series or maturity of Bonds, (b) initial and acceptance fees of any Fiduciary together with any fees of Bond Counsel, attorneys, feasibility consultants, engineers, financial advisors, remarketing agents, rebate consultants, accountants and other advisors retained by the District in

connection with a series of Bonds, and (c) any other fees, charges and expenses that may be lawfully incurred by the District relating to Bonds, including, without limitation, any obligation of the District to a Credit Facility Provider for a series of Bonds to repay or reimburse any amounts paid by such Credit Facility Provider due to payment under such Credit Facility and any interest on such repayment obligation unless any such amount constitutes a Debt Service Requirement for such series.

Bonds shall mean the Dedicated Tax Revenue Bonds to be issued by the District pursuant to the General Resolution and any Series Resolution.

Bond Year shall mean for each series of Bonds, the period ending on the first December 15 following the Bond Closing for such series of Bonds and each twelve-month calendar period thereafter beginning on December 16 and ending on December 15.

Business Day shall mean any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in Milwaukee, Wisconsin, and any other city where the principal corporate trust office of the Trustee or the principal office of any Credit Facility Provider is located are authorized to close by law.

Capital Appreciation Bonds shall mean any Bonds as to which interest is payable only at the maturity or prior redemption thereof. For the purposes of (i) payment of the redemption price of a Capital Appreciation Bond that is redeemed prior to maturity and (ii) computing the principal amount of Capital Appreciation Bonds held by the Owner thereof in giving any notice, consent, request, or demand pursuant to the applicable Series Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond as of a specific date shall be deemed to be its Accreted Value as of such date.

Capitalized Interest shall mean that portion of the proceeds of any series of Bonds together with any available earnings thereon that are restricted to be used to pay interest due or to become due on any Bonds.

Code shall mean the Internal Revenue Code of 1986, as amended, and all applicable Treasury regulations.

Credit Agreement shall mean any reimbursement agreement or similar instrument between the District (and, if applicable, the Trustee) and a Credit Facility Provider with respect to a Credit Facility.

Credit Facility shall mean a letter of credit, surety bond, liquidity facility, insurance policy or comparable instrument furnished by the Credit Facility Provider with respect to all or a specific portion of one or more series of Bonds to satisfy in whole or in part the District's obligation to maintain a reserve fund requirement with respect thereto or to secure either or both of (a) the payment of debt service (which may include the premium due on payment of a Bond) on Bonds of a specified series, or a specific portion thereof or (b) the payment of the purchase price (which may include accrued interest to the date of purchase) of Bonds of a specified series, or a specific portion thereof, on the applicable purchase dates or tender dates, but only if, at the time of delivery of such Credit Facility to the Trustee, the long-term debt obligations of such Credit Facility Provider are rated in one of the two highest long-term Rating Categories, or the short-term obligations of such Credit Facility Provider are rated in the highest short-term rating category, by a Rating Agency with respect to the Bonds secured by such Credit Facility.

Credit Facility Account shall mean an account by that name in a Bond Fund or a Debt Service Reserve Fund, as applicable, established by the General Resolution.

Credit Facility Provider shall mean the bank, insurance company, financial institution or other entity providing a Credit Facility pursuant to a Credit Agreement.

Crossover Refunding Bonds shall mean any Bonds the proceeds of which: (i) are deposited in an escrow account with a Fiduciary, (ii) cannot be applied to the purpose for which such Crossover Refunding Bonds are to be issued until the Crossover Refunding Bonds Break Date, (iii) must be certified by the District to be sufficient, together with the investment income thereon, after the payment of Bond issuance costs and Bond-Related Costs, if any, to pay the Debt Service Requirements on such series on and prior to such Crossover Refunding Bonds Break Date, and (iv) other than paying or providing for the payment of Bond issuance costs and Bond-Related Costs, if any, cannot be used for any purpose (subject to lien and other requirements of this Resolution) other than the payment of Debt Service Requirements on such Crossover Refunding Bonds on and prior to the Crossover Refunding Bonds Break Date.

Crossover Refunding Bonds Break Date shall mean the date specified in the Series Resolution authorizing a series of Crossover Refunding Bonds as the date upon which the proceeds of such Crossover Refunding Bonds can be applied to the purpose for which such Crossover Refunding Bonds are to be issued upon the satisfaction of certain conditions, which conditions shall be set forth in such Series Resolution.

Current Interest Bonds shall mean all Bonds which are not (a) Capital Appreciation Bonds or (b) prior to the Interest Commencement Date, Deferred Interest Bonds.

Debt Service Requirements shall mean, during the applicable period and as of any date of calculation with respect to any series of Outstanding Bonds, the aggregate of the scheduled principal of and premium, if any, and interest and the fees, expenses and costs of the Trustee and Paying Agent and other Bond-Related Costs, if any, on any of the Bonds accruing for that period or due and payable on that date. In determining Debt Service Requirements accruing for any period or due and payable on any date, Mandatory Sinking Fund Requirements accruing for that period or due on that date shall be included together with any amount required to be paid for the replenishment of any reserve, and any amounts due with respect to Crossover Refunding Bonds prior to the Crossover Refunding Bonds Break Date shall be excluded if and to the extent that such amounts are payable out of Defeasance Securities. For purposes of this definition, unless provided to the contrary in the applicable Series Resolution authorizing the issuance of Capital Appreciation Bonds or Deferred Interest Bonds, the scheduled principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Deferred Interest Bonds becoming due at maturity or by virtue of Mandatory Sinking Fund Requirements shall be included in the calculations of accrued and unpaid and accruing interest or principal payments in the year in which such payments are required to be made.

Debt Service Reserve Fund shall mean the Senior Debt Service Reserve Fund and/or the Junior Debt Service Reserve Fund, including any Series Reserve Accounts therein, as the context may require.

Debt Service Reserve Fund Credit Facility shall mean a Credit Facility provided to satisfy all or any portion of a Debt Service Reserve Fund Requirement.

Debt Service Reserve Fund Requirement, (a) for the Senior Debt Service Reserve Fund shall be an amount equal to the maximum amount of principal and interest to become due during the current or any succeeding Bond Year and all Senior Bonds then Outstanding, (b) for the Section 229.50 Accounts, shall be an amount equal to the maximum amount of principal and interest to become due

during the current or any succeeding Bond Year on all Junior Bonds secured by the Section 229.50 Accounts, such amount determined with respect to the Junior Bonds secured by such Accounts or Account, as applicable, then Outstanding, and (c) for any Series Reserve Account within the Junior Debt Service Reserve Fund shall be an amount equal to the lesser of (i) the maximum amount of principal and interest to become due during the current or any succeeding Bond Year on all Junior Bonds then Outstanding secured by such Series Reserve Account, (ii) 125% of the average amount of principal and interest to become due during the current and succeeding Bond Years on all Junior Bonds then Outstanding secured by such Series Reserve Account, and (iii) 10% of the principal amount (or if such Junior Bonds are issues with more than a *de minimis* amount of original issue discount or original issues premium, 10% of the issue price of such bonds), all as provided in Section 1.48-2(f)(2) of the Regulations, of all Junior Bonds Outstanding secured by such Series Reserve Account; *provided* that the calculation of the maximum amount of interest to become due on Variable Rate Bonds and Adjustable Rate Bonds shall be based on the methodology specified in the definition of Adjusted Debt Service Requirements; and *provided further* that the calculation of the maximum amount of principal and interest to become due on the applicable Bonds shall exclude the principal amount of such Bonds to be paid from amounts on deposit in the Senior Debt Service Reserve Fund, Section 229.50 Accounts or Series Reserve Account, as the case may be. The applicable Debt Service Reserve Fund Requirement may, except as may be limited by a Series Resolution, be satisfied by cash, Permitted Investments or a Debt Service Reserve Fund Credit Facility, or any combination thereof.

Defeasance Securities shall mean:

(a) direct and general obligations of, or obligations which as to principal and interest are unconditionally guaranteed as to full and timely payment by, the United States of America, to the payment of which the full faith and credit of the United States of America is irrevocably and unconditionally pledged, including evidences of direct ownership of proportionate interests in future principal or interest payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in safekeeping in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated. The obligations described in this paragraph are hereinafter called "United States Government Obligations";

(b) pre-refunded municipal obligations meeting the following conditions:

(1) the municipal obligations (A) are not subject to redemption prior to maturity or (B) the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer of such municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions,

(2) the municipal obligations are secured by cash or non-callable United States Government Obligations that may be applied only to interest, principal and premium payments of such municipal obligations,

(3) the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations,

(4) the cash and United States Government Obligations serving as security for the municipal obligations are held by an escrow agent or trustee, and

(5) the United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(c) cash.

Deferred Interest Bonds shall mean any Bonds as to which accruing interest is not paid prior to the Interest Commencement Date and the Appreciated Value is compounded on the Valuation Date.

Discharge Date shall mean the date on which all Outstanding Bonds are discharged under the provisions of the General Resolution.

District shall mean the Wisconsin Center District or any successor to its functions.

District Representative shall mean the Chairman or President of the District or such other officer identified by resolution of the District Board as being the "District Representative" for purposes of the General Resolution or any Series Resolution.

District Taxes shall mean all of those taxes, charges, fees, impositions, levies or other amounts authorized to be collected on behalf of and paid to the District under the Act and the Tax Resolutions, as described under the caption "DISTRICT TAXES" in this Official Statement.

Event of Default shall mean any of the following events:

(a) default in the due and punctual payment of any interest on any Outstanding Senior Bond;

(b) default in the due and punctual payment of the principal of or any redemption premium on any Outstanding Senior Bond, whether at the stated maturity thereof or at the date fixed for redemption thereof;

(c) default in the due and punctual payment of any interest on any Outstanding Junior Bond; *provided* that such a default shall not cause a default on the Senior Bonds;

(d) default in the due and punctual payment of the principal of or any redemption premium on any Outstanding Junior Bond, whether at the stated maturity thereof or at the date fixed for redemption thereof; *provided* that such a default shall not cause a default on the Senior Bonds;

(e) default in the due and punctual payment of any other moneys required to be paid to the Trustee under the provisions of the General Resolution or any Series Resolution, Credit Agreement or Related Document and such default shall have continued for a period of 30 days after written notice thereof, specifying such default, shall have been given by the Trustee to the District, or to the District and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding affected by such default; or

(f) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the District contained in the General Resolution, any Series Resolution, the Bonds, any Credit Agreement, or any Related Agreement, and such default shall have continued for a period of 30 days after written notice thereof given in the manner described in clause (e) above.

Fiduciary shall mean any bank or other organization acting in a fiduciary capacity with respect to any Bonds, whether as Trustee, Paying Agent, tender agent, or escrow agent, or in a similar function; *provided* that a Securities Depository shall not be considered a Fiduciary.

Final Payment Date shall mean the Maturity Date, Discharge Date or Purchase Date on which all Outstanding Bonds of a specific series either mature, are to be redeemed, are discharged, or are purchased, whichever date is earlier.

Fiscal Year shall mean the fiscal year of the District, which is currently the twelve-month period ending December 31st of each calendar year.

Fitch shall mean Fitch Ratings, or any successor thereof which qualifies as a "Rating Agency" under the General Resolution.

Fixed Interest Rate Bond shall mean (a) a Bond, the interest rate on which is established (with no right to vary) at the time of calculation at a single numerical rate for the remaining term of such Bond, or (b) all of those Bonds of a specific maturity described in clause (i)(A) and (B) of paragraph (a) of the definition of "Adjusted Debt Service Requirements".

Funds or Trust Funds shall mean the Cost of Issuance Fund, Project Fund, Revenue Fund, Senior Bond Fund, Junior Bond Fund, Senior Debt Service Reserve Fund and Junior Debt Service Reserve Fund (and all of the Accounts and the subaccounts created therein), but shall not include the Operating Fund or the Rebate Fund.

Global Certificate shall mean Bonds in the form of one certificate per maturity (or any specific portion of a maturity entitled to the benefit of a Credit Facility or with respect to which interest or principal is to be computed or paid differently than with respect to other Bonds of the same maturity), each representing the entire principal amount of a series of Bonds (or such specific portion thereof) due on a particular maturity date, which single certificate per maturity (or such specific portion thereof) may be transferred on the Bond Register, but which may not be exchanged for smaller denominations unless the District determines to issue Replacement Bonds as provided herein.

Independent Accountant shall mean a certified public accountant or firm of certified public accountants selected by the District and acceptable to the Trustee, and not a full-time employee or officer of the District.

Independent Counsel shall mean any attorney designated by the Trustee, duly admitted to practice law before the highest court of any state, who may be counsel to the District but who may not be a full-time employee of the District.

Interest Commencement Date shall mean, with respect to any particular Deferred Interest Bonds, the date specified in the applicable Series Resolution authorizing such Deferred Interest Bonds (which date must be prior to the maturity date for such Deferred Interest Bonds), after which interest accruing on such Deferred Interest Bonds shall be payable with the first such payment date being the applicable Interest Payment Date immediately succeeding such interest Commencement Date.

Interest Payment Date shall mean each date specified in a Series Resolution as a date for the payment of interest to Owners of Bonds of a specific series; which dates, unless otherwise specified, shall be June 15 and December 15 of each year.

Interest Payment Period, with respect to any Bond or series of Bonds, shall mean the period from but not including a regularly scheduled Interest Payment Date to and including the next regularly scheduled Interest Payment Date, *provided* that any Series Resolution may adjust this definition of the term "Interest Payment Period" with respect to any Bond or series of Bonds authorized to be issued thereunder in order to provide for the proper computation of or the timely transfer of amounts payable with respect to interest borne by such Bond or series of Bonds on any Interest Payment Date.

Junior Bonds shall mean those Bonds designated as such in a Series Resolution, which shall be entitled only to the benefits and protections of the Junior Bond Fund and the Accounts therein, and the Junior Debt Service Reserve Fund and the Accounts therein to the extent provided in such Series Resolution, including any Series Reserve Account, and shall not be entitled to the benefits and protections of the Senior Bond Fund and the Accounts therein or the Senior Debt Service Reserve Fund and the Accounts therein.

Junior Debt Service Reserve Fund Requirement shall mean the Debt Service Reserve Fund Requirement applicable to the Junior bonds, plus any amount payable to the State pursuant to the State Reimbursement Agreement.

Liquidity Facility shall mean any Credit Facility under or pursuant to which the Credit Facility Provider agrees to purchase Optional Tender Bonds.

Mandatory Sinking Fund Payments shall mean the amounts of principal scheduled to be paid on account of Term Bonds on any specific Principal Payment Date or Principal Payment Dates prior to maturity.

Mandatory Sinking Fund Requirements shall mean the principal amount of Term Bonds which are required to be redeemed by mandatory sinking fund redemption, in the principal amounts, at the prices and on the dates as set forth in the applicable Series Resolution.

Mandatory Tender Date shall mean a date on which a series of Bonds, or specific Bonds included in such series, are required to be purchased by or on behalf of the District as provided in the Series Resolution authorizing such series of Bonds.

Maturity Date shall mean a Principal Payment Date, whether occurring by reason of a scheduled maturity of principal or by reason of Mandatory Sinking Fund Requirements.

Maximum Interest Rate shall mean during any applicable period and as of any date of calculation with respect to any particular Bonds, series of Bonds, or other obligations which are Adjustable Rate Bonds or which bear interest at a Variable Interest Rate, a numerical rate of interest that shall be the maximum rate of interest such Bonds or obligations may bear at any time during such applicable period.

Moody's shall mean Moody's Investors Service, Inc. or any successor thereof which qualifies as a "Rating Agency" hereunder.

Optional Tender Bonds shall mean any Bonds which by their terms may be tendered by and at the option of, or required to be tendered by, the Owner thereof for payment or purchase by the District or another party prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Owner thereof, *provided, however*, a Series Resolution may expressly provide that specific Bonds are not "Optional Tender Bonds" if, in the reasonable judgment of the District, the tender requirements of such Bonds are not of the character intended to be included within this definition.

Original Purchaser shall mean the investment banker(s), broker-dealer(s), financial institution(s) or other person(s) which purchase a specific series of Bonds from the District upon the initial offering and sale of such series of Bonds; an investment banker or broker-dealer acting in the capacity of a placement agent shall not be deemed an "Original Purchaser."

Outstanding Bonds, Bonds Outstanding and Bonds then Outstanding shall mean as of the date of determination, all Bonds theretofore issued and delivered under the General Resolution, except:

(a) Bonds theretofore cancelled by the Trustee or Paying Agent or delivered to the Trustee or Paying Agent cancelled or for cancellation;

(b) Bonds for which payment or redemption moneys or securities shall have been theretofore deposited with the Trustee or Paying Agent in trust for the Owners of such Bonds, *provided, however*, that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to the General Resolution or irrevocable action shall have been taken to call such Bonds for redemption at a stated redemption date;

(c) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to the General Resolution; and

(d) Optional Tender Bonds deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bonds on the applicable tender, adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payments as provided therein.

In determining requisite percentages of the Owners of aggregate principal amount of Bonds Outstanding for the purposes of direction, consent, approval or waiver under the terms and provisions of the General Resolution and any Series Resolution: (i) the aggregate "principal amount" of any Bonds that are Capital Appreciation Bonds shall be determined by their Accreted Value as of the date of such determination, and (ii) the aggregate "principal amount" of any Bonds that are Deferred Interest Bonds shall be determined by their Appreciated Value as of the date of such determination and *provided, however*, that in determining whether the Owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent, or waiver under the General

Resolution, Bonds owned by the District shall be disregarded and deemed not to be Outstanding Bonds, except that in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Bonds which the Trustee knows to be so owned shall be disregarded.

Owner or **Bondowner** shall mean the person in whose name a Bond is registered in the Bond Register.

Participants shall mean the financial institutions or securities dealers for whom the Securities Depository effects book-entry transfers and pledges of securities deposited and immobilized with the Securities Depository.

Paying Agent shall mean the Trustee or any other entity designated in a Series Resolution as the agent of the District and the Trustee to receive and disburse the principal of and premium, if any, and interest on the Bonds.

Payment Date shall mean a Maturity Date, an Interest Payment Date, or a Purchase Date, as the case may be. If a Payment Date shall fall on a day other than a Business day, then actual payment shall be made on the next succeeding Business Day.

Permitted Investments shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of the District's funds:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America; any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed as to full and timely payment of principal and interest by, the United States of America, including obligations of any of the Federal agencies set forth in clause (b) below to the extent unconditionally guaranteed by the United States of America.

(b) bonds, debentures, or other evidences of indebtedness issued or guaranteed by the following United States government sponsored agencies: Federal Home Loan Mortgage Corporation, Farm Credit System, Federal Home Loan Banks, Federal National Mortgage Association, Resolution Trust Corporation, Resolution Funding Corporation or any other government-sponsored agencies which are not backed by the full faith and credit of the U.S. government which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;

(c) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds or other obligations for redemption on the date or dates specified in such instruction, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (c), as appropriate, and (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) above which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (c) on

the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (c), as appropriate;

(d) project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(e) direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, *provided* that at the time of their purchase under the General Resolution such obligations are rated in one of the two highest Rating Categories by each Rating Agency then rating such obligations;

(f) obligations of any state of the United States of America or any political subdivision of any state of the United States of America or any agency or instrumentality of any such state or political subdivision which shall be rated at the time of their purchase under the General Resolution in one of the two highest Rating Categories by each Rating Agency then rating such obligations;

(g) certificates or other instruments that evidence ownership of the right to payments of principal of or interest on obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, *provided* that such obligations shall be held in custody by a bank or trust company or a national banking association having capital stock, surplus and undivided earnings aggregating at least \$50,000,000, and *provided further* that the payments of all principal of and interest on such certificates or such obligations shall be fully insured or unconditionally guaranteed as to payment pursuant to a credit support arrangement provided by one or more financial institutions or insurance companies or associations the uninsured, unsecured and unguaranteed obligations of which shall be rated in the highest Rating Categories by each Rating Agency then rating such certificates or obligations or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bonds, such insurance policy shall result in such municipal bonds being so rated at the time of purchase under the General Resolution;

(h) certificates that evidence ownership of the right of payments of principal or interest on obligations described in clauses (a) through (g), *provided* that such obligations shall be held in custody by a bank or trust company or a national banking association having capital stock, surplus and undivided earnings aggregating at least \$50,000,000;

(i) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of any bank or trust company in the United States which are rated at the time of purchase in one of the two highest Rating Categories by each Rating Agency then rating such instruments;

(j) any repurchase agreements collateralized by securities described in clauses (a) through (f) above with any registered broker/dealer subject to Securities Investors' Protection Corporation jurisdiction, any primary broker/dealer or any commercial bank, if such broker/dealer or bank (or the parent or holding company of which) has an uninsured, unsecured and unguaranteed obligation rated (an "**unsecured rating**") of "Prime-1" and "A" or better by Moody's and "A-1" or "A-3" or better by S&P and of "A-1" or "A-3" or better by Fitch, but only if Moody's, S&P and/or Fitch is a Rating Agency then rating such obligation, and *provided* (1) a specific written agreement governs the transaction; (2) the securities are held by a depository acting solely as agent for the District, and such depository is (A) a Federal Reserve Bank, or (B) a bank which is a member of the Federal Deposit Insurance Corporation and

with combined capital, surplus and undivided profits of not less than \$25 million, and the District or Trustee shall have received written confirmation from such third party that it holds such securities; (3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* in such securities is created for the benefit of the District; (4) the repurchase agreement provides that the collateral securities will be valued no less frequently than weekly and will be liquidated if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation; (5) the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to an interest payment date; and (6) the fair market value of the securities in relation to the amount of the repurchase obligations, including principal and interest, is equal to at least 102%;

(k) shares of an Investment Company, organized under the Investment Company Act of 1940, as amended, rated in one of the two highest Rating Categories by each Rating Agency then rating such Investment Company, which invests its assets exclusively in obligations of the type described in clauses (a) through (j);

(l) investment agreements which either (1) represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, in either case that has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the two highest Rating Categories by each Rating Agency then rating such institution or agreement, or (2) represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, in either case such obligation being collateralized by securities described in clauses (a), (b) or (c) above and *provided* that such securities at all times have a market value (exclusive of accrued interest) at least equal to such investment agreement so secured; and

(m) any other investment permitted by State law that is rated at the time of purchase in one of the two highest Rating Categories by each Rating Agency then rating such investment.

Pledge Agreement shall mean a pledge agreement entered into with respect to a specific series of Bonds or specific Bonds within a series of Variable Rate Bonds or Adjustable Rate Bonds and related to the Credit Facility for such series of Bonds or a portion thereof.

Principal Payment Date shall mean any date on which an installment of principal is scheduled to become due on Bonds, whether by scheduled maturity or Mandatory Sinking Fund Requirements or otherwise, which dates, unless otherwise provided by a Series Resolution, shall be December 15 of each year (for series of Bonds on which principal will be paid annually) or June 15 and December 15 of each year (for series of Bonds on which principal will be paid semiannually), commencing on such of those dates as may be provided in any applicable Series Resolution.

Project Fund shall mean the Fund by that name established by the General Resolution.

Purchase Date shall mean the date on which any Outstanding Bonds are purchased pursuant to the General Resolution and any applicable Series Resolution.

Qualified Swap Agreement shall mean an agreement between the District and a Swap Provider (i) which agreement is either approved by, or following review of such agreement the rating upon all affected Bonds is confirmed by, each Rating Agency, and (ii) under which the District agrees to pay the Swap Provider an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the District for a specific period of time an amount

calculated at an agreed-upon rate or index based upon such notional amount, where the Swap Provider, or the person who guarantees the obligation of the Swap Provider to make its payments to the District, has unsecured obligations rated, as of the date and swap agreement is entered into, in one of the two highest applicable Rating Categories by S&P and Moody's (and by Fitch, if Fitch is a Rating Agency then rating such Swap Provider or other person who guarantees such obligation), but only if any such Rating Agency is then rating (1) bonds secured by such agreements of the Swap Provider or (2) the series of Bonds to which such agreement may be related.

Quarterly Requirement shall mean, on each Quarterly Transfer Date, for each Interest Account, Principal Account and Bond Expense Account within a Bond Fund, (a) any unpaid Adjusted Debt Service Requirements from prior Bond Years applicable to such Account, plus (b) the product of the Adjusted Debt Service Requirements for the then-current Bond Year applicable to such Account multiplied by the applicable Aggregate Quarterly Requirement Percentage, as follows:

<u>Quarterly Transfer Date</u>	<u>Aggregate Quarterly Requirement Percentage</u>
March 1	30%
June 1	60%
September 1	90%
December 1	100%

provided that any regularly scheduled payments of principal, interest and/or Bond-Related Costs previously paid during the then-current Bond Year shall be credited to the Quarterly Requirement of each applicable Account when determining compliance with the Quarterly Requirement for such Account during the then-current Bond Year.

Quarterly Transfer Date shall mean each March 1, June 1, September 1 and December 1. If a Quarterly Transfer Date shall fall on a day other than a Business Day, then actual payment shall be made on the next succeeding Business Day.

Rating Agency or **Rating Agencies**, as applicable, shall mean with respect to any specific series of Bonds, S&P, Moody's, and Fitch, or any other recognized national credit rating agency, to the extent that any of them is in effect, a rating for such specific series of Bonds.

Rating Category shall mean one of the generic rating categories of the applicable Rating Agency, without regard to any refinements or gradation of such generic rating category by numerical or other modifier.

Rebate Amount shall mean the amount required to be paid to the United States Treasury pursuant to Section 148 of the Code as rebate of investment earnings (and, if applicable, actual or imputed earnings thereon) to the extent such investment earnings are in excess of the yield on a series of Tax-Exempt Bonds and are subject to rebate.

Record Date shall mean with respect to any Interest Payment Date on a series of Bonds, (i) the first day (whether or not a Business Day) of the month in which such Interest Payment Date occurs, or (ii) if the District shall be in default in payment of interest due on such Interest Payment Date, a special Record Date for the payment of such defaulted interest established by notice mailed by the Trustee on behalf of the District; notice of such special Record Date shall be mailed not less than ten days preceding such special Record Date, to the Owner at the close of business on the fifth Business Day preceding the

date of mailing; *provided* that the District may provide in the applicable Series Resolution for different regular or special Record Dates for any series of Bonds.

Related Agreements shall mean any Credit Facility, Credit Agreement or Pledge Agreement related to a series of Bonds or a specific portion thereof, including security agreements or instruments heretofore or hereafter made for the benefit and with the consent of the Trustee or a Credit Facility Provider as creditor to secure payment of any series of Bonds or a specific portion thereof or any amount due to a Credit Facility Provider; but excluding the General Resolution and all Series Resolutions; provided that the term "Related Agreements" or "Related Documents," when used in relation to a specific series of Bonds or a specific portion thereof, shall include only such Related Documents as have been entered into for such series of Bonds or a specific portion thereof, and shall not include documents, agreements or other items entered into only for the purposes of a different series of Bonds or a specific portion thereof.

Remarketing Agent shall mean the broker-dealer appointed as Remarketing Agent for a specific series of Bonds pursuant to the General Resolution and the applicable Series Resolution.

Remarketing Agreement shall mean the Remarketing Agreement for a series of Bonds or a specific portion thereof, including any amendments and supplements thereto, between the Remarketing Agent and the District.

Replacement Bonds shall mean Bonds which replace Global Certificates as provided in the General Resolution.

Representative shall mean the Chairman or President of the District or an officer of a Credit Facility Provider, or any other person at any time designated to act on behalf of the District or Credit Facility Provider, as the case may be, as evidenced by a written certificate furnished to the other party and the Trustee containing the specimen signature of such person and signed for the District by its Secretary or Assistant Secretary or for a Credit Facility Provider by an officer thereof.

Restricted Obligations shall mean obligations which are issued by the United States Treasury and any other Permitted Investments, investment in which will not cause the Bonds to be federally guaranteed obligations, within the meaning of Section 149(d) of the Code.

Restricted Tax Revenues shall mean proceeds of (a) the room tax imposed pursuant to Section 66.75 (1m) (c) 1 of the Wisconsin Statutes, also known as the Basic Room Tax, (b) the local food and beverage tax imposed pursuant to subchapter VIII of Chapter 77 of the Wisconsin Statutes, and (c) the local rental car tax imposed under subchapter IX of Chapter 77 of the Wisconsin Statutes, each as described under the caption "DISTRICT TAXES" in this Official Statement.

Section 229.50 Accounts shall mean the Junior Bond Proceeds Account, the Junior Debt Service Reserve Credit Facility Account, the Junior District Contribution Account, and the State Contribution Account within the Junior Debt Service Reserve Fund.

Securities Depository shall mean a trust company or other fiduciary acting as a depository with respect to Global Certificates.

Senior Bonds shall mean those Bonds designated as such in a Series Resolution, which shall be entitled only to the benefits and protections of the Senior Bond Fund and the Accounts therein, and the Senior Debt Service Reserve Fund and the Accounts therein.

Senior Debt Service Reserve Fund Requirement shall mean the Debt Service Reserve Fund Requirement applicable to the Senior Bonds.

Series Reserve Account shall mean a separate, segregated account within the Junior Debt Service Reserve Fund created by a Series Resolution for the exclusive benefit of Junior Bonds authorized by such Series Resolution.

Series Resolution shall mean any resolution supplementing or amending the terms of the General Resolution, together with any award resolution providing for the exact terms of each of the series of Bonds authorized to be issued under the General Resolution.

S&P shall mean Standard & Poor's Ratings Services or any successor thereof which qualifies as a "Rating Agency" hereunder.

State Reimbursement Agreement shall mean that certain State Reimbursement Agreement by and between the District and the Department of Administration on behalf of the State, providing for the reimbursement to the State of any amounts advanced by the State pursuant to Section 229.50 of the Wisconsin Statutes to the State Contribution Account of the Junior Debt Service Reserve Fund, and other matters, pursuant to subsections 229.50 (1) (b) 6, 7 and 8 of the Wisconsin Statutes.

Swap Provider shall mean the counter-party with whom the District enters into a Qualified Swap Agreement.

Tax-Exempt Bonds shall mean Bonds issued pursuant to the General Resolution for which the District receives, on the date of the Bond Closing therefor, an opinion of Bond Counsel to the effect that interest on such Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code.

Tax Resolutions shall mean the following:

(a) Common Council of the City of Milwaukee, Wisconsin, File No. 940095, substitute ordinance repealing the hotel-motel room tax, adopted on May 17, 1994 (the "**Tax Repeal Ordinance**"),

(b) Wisconsin Center District File No. WCD940004, resolution adopted by the District on August 24, 1994, as amended and restated on June 27, 2001 as Wisconsin Center District File No. WCD010029 (the "**Tax Levy Resolution**"),

(c) Wisconsin Center District File No. WCD 09020, resolution adopted December 16, 2009, increasing the Local Food and Beverage Tax by 0.25% to 0.50%, and

(d) Wisconsin Center District File No. WCD 2010623, resolution adopted June 23, 2010, increasing the Basic Room Tax by 0.5% to 3.0%,

each as now or hereafter amended and any other further resolution adopted by the board of the District under or pursuant to the Act for the express purpose of raising amounts thereunder to be pledged pursuant to the General Resolution or any Series Resolution.

Tax Revenues shall mean all Restricted Tax Revenues and Unrestricted Tax Revenues actually received from time to time by the District or the Trustee from the State Department of Revenue.

Term Bonds shall mean Bonds which are subject to scheduled Mandatory Sinking Fund Requirements prior to maturity.

Treasury shall mean the United States Department of the Treasury, and any successor to its functions.

Trust Estate shall mean the Tax Revenues, the tangible and intangible properties, rights and other assets described in the Granting Clauses of the General Resolution as from time to time supplemented, and (with respect to a specific series of Bonds or specific Bonds within a series) such funds, rights, properties and assets pledged to secure a series of Bonds or specific Bonds within a series pursuant to a Series Resolution.

Trust Funds or **Funds** shall mean the Cost of Issuance Fund, Project Fund, Revenue Fund, Senior Bond Fund, Junior Bond Fund, Senior Debt Service Reserve Fund and Junior Debt Service Reserve Fund (and all of the Accounts and subaccounts created therein), but shall not include the Operating Fund or the Rebate Fund.

Unrestricted Tax Revenues shall mean proceeds of the room tax imposed by the District pursuant to Section 66.75 (1m) (c) 2 of the Wisconsin Statutes, also known as the Additional Room Tax, as described under the caption "DISTRICT TAXES" in this Official Statement.

Valuation Date shall mean (i) with respect to any Bonds that are Capital Appreciation Bonds, the date or dates set forth in the Series Resolution authorizing such Bonds on which specific Accreted Values are assigned to such Bonds, and (ii) with respect to any Bonds that are Deferred Interest Bonds, the date or dates prior to the Interest Commencement Date set forth in the Series Resolution authorizing such Bonds on which specific Appreciated Values are assigned to such Bonds.

Variable Interest Rate shall mean a variable interest rate or rates to be borne by a series of Bonds or other obligations or by any Bond within a series of Bonds.

Variable Rate Bond shall mean any Bond which bears a Variable Interest Rate which rate is not established at the time of calculation at a single numerical rate for the remaining term of such Bond and for which the period from the most recent determination of the rate to the next such date for redetermination of the rate is two years or less.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The General Resolution contains various covenants and security provisions, certain of which are summarized below. Various words or terms used in the following summary are defined in the General Resolution, and reference thereto is made for a full understanding of their import. See also Appendix A for definitions of certain capitalized terms.

Pledge (Granting Clauses)

The District, in consideration of the purchase and acceptance of each series of the Bonds by the Owners thereof, in order to secure the payment of the principal of, interest on, purchase price of, and premium, if any, on all series of Bonds, grants a security interest in, assigns, transfers in trust, and pledges to the Trustee, upon the terms and trusts set forth in the General Resolution, the following (herein called the "**Trust Estate**"):

(a) All right, title, interest and privileges of the District in, to and under the Tax Revenues and the Funds and Accounts (which do not include the Operating Fund or the Rebate Fund);

(b) The earnings derived from the investment of moneys held for the credit of the Funds and the Accounts created by the General Resolution or any Series Resolution (other than the Operating Fund and the Rebate Fund); and

(c) All other property of every type, name and nature which may from time to time by delivery to the Trustee or by writing of any kind delivered to the Trustee be subjected to the lien of the General Resolution by the District or by anyone on its behalf or with its written consent.

The assignment is for the equal and proportionate benefit, security and protection of all Owners from time to time of all series of Bonds issued under and secured by the General Resolution, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others subject to the priority of the Senior Bonds and except as otherwise provided in the General Resolution, subject to the rights, if any, of each person under each Credit Facility, Credit Agreement, Pledge Agreement and Related Agreements to the extent provided in the General Resolution or in any Series Resolution; *provided* that any instrument, fund, property or contract right or proceeds thereof designated by a Series Resolution to be pledged, mortgaged or assigned to secure a specific series of Bonds (or specific Bonds within a series) shall be held by the Trustee under the General Resolution for the sole and exclusive benefit of the Owners of the series of Bonds (or such specific Bonds within a series) so designated, and shall not secure or accrue to the benefit of any series of Bonds or specific Bonds within a series not so designated.

Under the provisions of the General Resolution, no series of Bonds or other obligations thereunder may be payable from or be a charge upon any funds of the District other than the Tax Revenues and the Trust Estate pledged to the payment thereof and no Owner or Owners of the Bonds shall ever have the right to compel any exercise of any taxing power of the District to pay any Bonds or the interest and premium, if any, thereon, or to enforce payment thereof against any property of the District, except with respect to District Taxes to the extent pledged by the General Resolution, and the Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the District, except the Trust Estate; and the Act provides that under no circumstances shall any Bond or other obligation of the District under the General Resolution be or become an indebtedness or obligation of the

State or any other political subdivision of or municipality within the State, including the City, nor shall any such Bond or obligation be or become an indebtedness of the District within the purview of any constitutional limitation or provision, but nothing in the Act impairs the rights of Owners of Bonds issued under the General Resolution and the Series Resolutions relating thereto to enforce the covenants made for the security thereof as provided in the General Resolution and any applicable Series Resolution.

Power to Issue Bonds and to Pledge Tax Revenues (Section 3.4)

The District represents that it is duly authorized under all applicable laws, including but not limited to the Act, to create and issue the Bonds and to execute and deliver the General Resolution and to pledge and assign and grant liens and security interests in the Tax Revenues and other moneys, securities and funds as contemplated by the General Resolution in the manner and to the extent provided in the General Resolution. The Tax Revenues and other moneys, securities and funds so pledged and assigned are and will be free and clear of any pledge, lien, security interest, charge or encumbrance thereon or with respect thereto, other than the pledge, assignment, lien and security interest created by the General Resolution, and all necessary corporate action on the part of the District to that end has been duly and validly taken. The Bonds and the provisions of the General Resolution are and will be the valid and legally enforceable obligations of the District in accordance with their terms. The District shall at all times, to the extent permitted by law, defend, preserve and protect the pledge, assignment, lien and security interest in and on the Tax Revenues and other moneys, securities and funds pledged and granted under the General Resolution and all the rights of the Bondowners under the General Resolution against all claims and demands of all persons whomsoever.

Creation of Liens (Section 3.5)

Unless the pledge, assignment, lien and security interest created in the General Resolution shall be discharged and satisfied as provided in "Payment, Satisfaction and Discharge of Bonds (Section 8.1)" below, the District shall not issue any bonds, notes, debentures, or other evidences of indebtedness of similar nature, other than Additional Bonds, payable out of or secured by a pledge or assignment of or lien or security interest in any of the Trust Estate, or create or cause to be created any other pledge or assignment of, or lien, charge or encumbrance on, any of the Trust Estate. The District reserves the right to issue such other bonds or other indebtedness payable from and secured by its operating revenues or other funds or sources other than the Trust Estate.

The District agrees that it will not create or suffer to be created or exist any mortgage, lien or encumbrance upon its interest in any real property, buildings or fixtures now owned or hereafter acquired by it with proceeds of Bonds.

Irrevocable Direction to State Treasurer and Secretary of State Department of Revenue to Pay Tax Revenues to Trustee (Section 3.6)

(d) So long as there are any Bonds Outstanding under the General Resolution, the District irrevocably and unconditionally requests and directs the State Treasurer and Secretary of the State Department of Revenue to pay directly to the Trustee (by wire transfer) any and all amounts payable to the District from Tax Revenues.

(e) To evidence the request and direction in (a) above, on or prior to the date of issuance of any Bonds, the District shall deliver a certificate of the District, signed by the Chairman, irrevocably and unconditionally requesting and directing the State Treasurer and Secretary of the State Department of Revenue to make the payments to the Trustee as provided in (a) above.

(f) Any Tax Revenues received by the Trustee pursuant to the request and direction described in this Section shall be applied as provided in Article Four of the General Resolution.

Moral Obligation (Section 3.7)

The Section 229.50 Accounts within the Junior Debt Service Reserve Fund are designated a "special debt service reserve fund" for the purposes of Section 229.50 of the Wisconsin Statutes. In the event a resort to the State moral obligation pledge is required pursuant to "Junior Debt Service Reserve Fund (Section 4.8)" below, the District covenants that it shall, within five Business Days after notice, (a) certify as required under Section 229.50 (7) of the Wisconsin Statutes to the Governor of the State, the State Secretary of Administration, the Joint Committee on Finance of the Wisconsin Legislature, and the Common Council of the City of Milwaukee, the amount necessary to restore the Section 229.50 Accounts within the Junior Debt Service Reserve Fund to the applicable Junior Debt Service Reserve Fund Requirement, and (b) do everything necessary to be done by the District pursuant to Section 229.50 of the Wisconsin Statutes to restore the Section 229.50 Accounts within the Junior Debt Service Reserve Fund to the applicable Junior Debt Service Reserve Fund Requirement. The District may provide in a Series Resolution authorizing the issuance of Junior Bonds that such Junior Bonds will not be entitled to the security of the Section 229.50 Accounts within the Junior Debt Service Reserve Fund as a "special debt service reserve fund" but shall be entitled to the security of a Series Reserve Account.

Tax Resolutions (Section 3.8)

The District covenants that it shall neither do nor suffer to be done anything that will have the effect of reducing the Tax Revenues to be collected pursuant to the Tax Resolutions, or of reducing the rate of tax provided for in the Tax Resolutions. If any resort is made to the State moral obligation or if, immediately following any Payment Date, the amount on deposit in the Section 229.50 Accounts within the Junior Debt Service Reserve Fund shall be less than the applicable Junior Debt Service Reserve Fund Requirement and as set forth in Section 229.50 (5) of the Wisconsin Statutes, then the District shall immediately notify the Secretary of the State Department of Administration and the Secretary of the State Department of Revenue of the amount of such deficiency so that the increase in tax rates for the hotel-motel room taxes and food and beverage taxes provided in the Tax Levy Resolution shall be immediately effective as provided therein; and if any payment shall be made to the State Contribution Account of the Junior Debt Service Reserve Fund by the State of Wisconsin pursuant to Section 229.50 (7) of the Wisconsin Statutes, then the District shall immediately notify the Secretary of the State Department of Administration and the Secretary of the State Department of Revenue of the amount of such payment so that the tax rate for the rental car tax shall be immediately increased as provided in the Tax Levy Resolution.

Payment of Principal, Premium and Interest (Section 3.9)

Solely from the moneys derived from the Tax Revenues and amounts otherwise available from the Trust Estate, the District will duly and punctually pay the principal of, premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and the General Resolution. The moneys and other assets pledged by the General Resolution shall include all moneys derived from the sources identified in the Granting Clauses set forth in the General Resolution and in each Series Resolution, including, but not limited to, Trust Moneys (as defined in Section 4.1) deposited in the Funds and Accounts established under Article Four of the General Resolution to the extent and in the manner provided in said Article. Nothing in the Bonds or in the General Resolution shall be considered as assigning or pledging funds or assets of the District other than those covered by the Granting Clauses set forth in the General Resolution and in each Series Resolution.

Performance of and Authority for Covenants (Section 3.10)

The District covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in the General Resolution and each Series Resolution, in any and every Bond executed, authenticated and delivered under the General Resolution and in all proceedings of its governing body pertaining thereto; that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized by the General Resolution, to execute the General Resolution, to assign and pledge the Tax Revenues and Trust Estate in the manner and to the extent set forth in the General Resolution; that any action on its part for the issuance of the Bonds and the execution and delivery of the General Resolution has been or will be duly and effectively taken; and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable special limited obligations of the District according to the terms thereof.

Books and Records (Section 3.13)

So long as any Outstanding Bonds issued under and secured by the General Resolution shall be unpaid, the Trustee will keep proper books or records and accounts, in which full, true and correct entries will be made of all its financial dealings or transactions in relation to the Projects, the General Resolution, and the Related Agreements. At reasonable times and under reasonable regulations established by the Trustee, such books shall be open to the inspection of the Original Purchaser(s), the Owners and such accountants or other agents as the Trustee may from time to time designate.

Creation of Funds and Accounts (Section 4.1)

The following funds and accounts are established with the Trustee, to be held and administered as Trust Funds (unless otherwise indicated in the General Resolution) under and pursuant to the terms of the General Resolution:

- (a) Cost of Issuance Fund
- (b) Project Fund
 - (1) Refunding Account
 - (2) Acquisition Account

- (3) Phase I Construction Account
 - (4) Phase II Construction Account
 - (5) Capitalized Interest Account
 - (6) Insurance Proceeds Account
- (c) Revenue Fund
 - (1) General Account
 - (2) Restricted Tax Revenues Account
 - (3) Unrestricted Tax Revenues Account
- (d) Senior Bond Fund
 - (1) Senior Interest Account
 - (2) Senior Principal Account
 - (3) Senior Bond Expense Account
 - (4) Senior Credit Facility Account (with respect to each Credit Facility which is not a Debt Service Reserve Fund Credit Facility)
 - (5) Senior Purchase Account
- (e) Junior Bond Fund
 - (1) Junior Interest Account
 - (2) Junior Principal Account
 - (3) Junior Bond Expense Account
 - (4) Junior Credit Facility Account (with respect to each Credit Facility which is not a Debt Service Reserve Fund Credit Facility)
 - (5) Junior Purchase Account
- (f) Senior Debt Service Reserve Fund
 - (1) Senior Bond Proceeds Account
 - (2) Senior Debt Service Reserve Credit Facility Account
 - (3) Senior District Contribution Account

- (g) Junior Debt Service Reserve Fund
 - (1) Section 229.50 Accounts
 - (A) Junior Bond Proceeds Account
 - (B) Junior Debt Service Reserve Credit Facility Account
 - (C) Junior District Contribution Account
 - (D) State Contribution Account
 - (2) Series Reserve Account (with respect to each series of Junior Bonds not entitled to the benefit of the Section 229.50 Accounts)
- (h) Special Redemption Fund
- (i) Rebate Fund (which shall not be a Trust Fund)
- (j) Operating Fund (which shall not be a Trust Fund)
 - (1) Operating Reserve Account
 - (2) Capital Maintenance Account
 - (3) Surplus Account

In addition to the foregoing, the District may create in a Series Resolution additional funds and accounts that do not conflict with the terms of the General Resolution.

All moneys received by the Trustee as provided in the General Resolution or in a Series Resolution to be held in a Trust Fund, including but not limited to, Tax Revenues and investment income of all moneys held by the Trustee under the General Resolution in Trust Funds (all such moneys being sometimes called "**Trust Moneys**") shall be held by the Trustee as part of the Trust Estate and shall be applied as provided in the General Resolution and in a Series Resolution.

The District or Trustee may establish (and has established) one or more subaccounts within any of the foregoing Funds or Accounts in order to provide for the proper administration of and accounting for the moneys and securities held therein, and the Trustee shall establish subaccounts to the extent required by a Series Resolution.

Cost of Issuance Fund (Section 4.2)

There shall be deposited in the Cost of Issuance Fund, from the proceeds of each series of Bonds, the amount specified pursuant to the Series Resolution creating such account. Amounts from time to time on deposit in the Cost of Issuance Fund shall be disbursed to or upon the order of the District to pay the costs of issuance of a series of Bonds.

Project Fund (Section 4.3)

Proceeds of one or more series of Bonds issued for a specific purpose or project shall be deposited within the accounts of the Project Fund as specified in the related Series Resolution and permitted by the Act. All amounts realized by investment of moneys on deposit in the several accounts within the Project Fund shall be credited to each respective account.

The Trustee shall disburse funds from the several accounts within the Project Fund upon receipt of a requisition or certificate of a District Representative in form satisfactory to the Trustee specifying as follows:

- (a) The account within the Project Fund from which the requisition is requested;
- (b) The amount to be disbursed;
- (c) The payee(s) of such amount;
- (d) The purpose of each such payment; and
- (e) The following certifications:
 - (1) that the amount requisitioned will be applied to pay or reimburse the District for payment and cost of the Project financed from the proceeds of the applicable series of Bonds;
 - (2) that the requisition will not violate any covenant or agreement with respect to Tax-Exempt Bonds contained in Article Six of the General Resolution; and
 - (3) costs being paid are eligible to be financed with Bond proceeds under the Act.

The proceeds of any series of Bonds (and any earnings thereon) in the Project Fund in excess of the amount required to pay all costs financed thereby shall be transferred to the Special Redemption Fund.

Capitalized Interest Account. On each Quarterly Transfer Date and Interest Payment Date, the Trustee shall transfer from the Capitalized Interest Account to any related Interest Account the amount of interest required to be transferred.

Insurance Proceeds Account. The proceeds of any condemnation award of insurance claim in excess of \$100,000 received by the District shall be deposited into the Insurance Proceeds Account and are required to be applied to redeem Bonds, as permitted by any Series Resolution, or to restore the facilities as nearly as practicable to their condition prior to any such casualty or condemnation.

Revenue Fund and Application of Tax Revenues (Section 4.4)

All moneys, other than Tax Revenues, deposited into the Revenue Fund shall be deposited into the General Account.

All Restricted Tax Revenues shall upon receipt be deposited into the Restricted Tax Revenues Account.

All Unrestricted Tax Revenues shall upon receipt be deposited into the Unrestricted Tax Revenues Account.

Tax Revenues and other moneys deposited in the Revenue Fund shall be transferred on each Quarterly Transfer Date and Payment Date to the other Funds and Accounts under the General Resolution in the order set forth below:

(a) To the Senior Interest Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement;

(b) To the Senior Principal Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement;

(c) To the Senior Bond Expense Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement;

(d) To the Senior Debt Service Reserve Fund, an amount sufficient to cause the amount on deposit in such Account to equal the Senior Debt Service Reserve Fund Requirement;

(e) To any Senior Credit Facility Account in the Senior Bond Fund, an amount sufficient to pay any principal or interest then owing to a Credit Provider under the applicable Series Resolution and Credit Agreement by reason of any drawing of amounts under the related Credit Facility;

(f) To the Junior Interest Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement;

(g) To the Junior Principal Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement;

(h) To the Junior Bond Expense Account, an amount sufficient to cause the amount on deposit in such Account to equal the Quarterly Requirement;

(i) To the Section 229.50 Accounts and any Series Reserve Account, on a pro rata basis as provided in the General Resolution, an amount sufficient to cause the amount on deposit in each such Account to equal the applicable Junior Debt Service Reserve Fund Requirement;

(j) To any Junior Credit Facility Account in the Junior Bond Fund, an amount sufficient to pay any principal or interest then owing to a Credit Provider under the applicable Series Resolution and Credit Agreement by reason of any drawing of amounts under the related Credit Facility;

(k) To the Special Redemption Fund, as directed in a certificate of a District Representative; and

(l) To the Operating Fund, provided that no Restricted Tax Revenues may be transferred to the Operating Fund.

On each Quarterly Transfer Date and Payment Date, funds in the Restricted Tax Revenues Account shall be expended first, funds in the General Account shall be expended second, and funds in the Unrestricted Tax Revenues Account shall be expended third.

Senior Bond Fund (Section 4.5)

There shall be deposited into the accounts of the Senior Bond Fund all amounts required to be transferred thereto, together with such additional amounts to be deposited into various specified Accounts within the Senior Bond Fund as described in the General Resolution.

(a) *Senior Interest Account.*

(1) There shall be deposited in the applicable Senior Interest Account in the Senior Bond Fund, upon issuance of each series of Senior Bonds, the amount of accrued interest received from the Original Purchaser thereof, as provided in the applicable Series Resolution.

(2) There shall be transferred to the Senior Interest Account, on each Quarterly Transfer Date and Interest Payment Date, the amount required to be transferred from the Revenue Fund. If on any Interest Payment Date there are not sufficient amounts on deposit in the Senior Interest Account to pay the total amount of interest coming due on the Senior Bonds on such Interest Payment Date, the Trustee shall forthwith transfer to the Senior Interest Account from the other Funds and Accounts listed in paragraph (f) below, funds on deposit in such Funds and Accounts, until the amount so transferred equals the amount of the deficiency. Interest income derived from the investment of amounts on deposit in the Senior Interest Account shall remain in the Senior Interest Account and shall be credited against the amount next due to be transferred to the Senior Interest Account from the Revenue Fund. Notwithstanding the foregoing, any Rebate Amount on deposit in the Senior Interest Account shall be transferred to the Rebate Fund at the direction of the District.

(3) On each Interest Payment Date the Trustee shall withdraw from the Senior Interest Account an amount sufficient to pay the interest coming due on the Senior Bonds on such Interest Payment Date and shall use such amounts to pay, or make provision with the Paying Agent for the payment of, interest on the Senior Bonds on such Interest Payment Date; *provided, however*, that if and to the extent payment of interest on the Senior Bonds, or any series thereof or specific portion thereof, shall be made from moneys drawn under a Credit Facility (other than a Debt Service Reserve Fund Credit Facility), the Trustee shall transfer to the subaccount in the Senior Credit Facility Account relating to such a series of Senior Bonds or specific portion thereof and remit to the Credit Facility Provider from said subaccount in the Senior Credit Facility Account, on the Interest Payment Date, all moneys replaced by Credit Facility proceeds or otherwise apply such moneys as provided in the related Series Resolution, Credit Agreement or a Related Agreement.

(b) *Senior Principal Account.*

(1) There shall be transferred to the Senior Principal Account, on each Quarterly Transfer Date and Principal Payment Date, the amount required to be transferred from the Revenue Fund. If on any Principal Payment Date there are not sufficient amounts on deposit in the Senior Principal Account to pay the total amount of principal coming due on the Senior Bonds on such Principal Payment Date, the Trustee shall forthwith transfer to the Senior Principal Account from the other Funds and Accounts listed in paragraph (f) below, funds on deposit in such Funds and Accounts, until the amount so transferred equals the amount of the deficiency. All interest income derived from the investment of amounts on deposit in the Senior Principal Account shall be transferred on each Quarterly Transfer Date and Interest Payment Date to the Senior Interest Account and applied as a credit against the amount next due to be transferred to the Senior Interest Account from the Revenue Fund. Notwithstanding the foregoing, any Rebate Amount on deposit in the Senior Principal Account shall be transferred to the Rebate Fund at the direction of the District.

(2) On or before each Principal Payment Date, the Trustee shall withdraw from the Senior Principal Account an amount sufficient to pay the scheduled principal coming due on the Senior Bonds on such Principal Payment Date, and shall use such amounts to pay, or make provision with the Paying Agents for the payment of, principal of the Senior Bonds on such Principal Payment Date, whether by reason of stated Maturity Date or by reason of Mandatory Sinking Fund Requirements applicable to any Senior Term Bonds; *provided, however*, that if and to the extent payment of principal coming due on the Senior Bonds, or any series thereof or specific portion thereof, shall be made from moneys drawn under a Credit Facility (other than a Debt Service Reserve Fund Credit Facility), the Trustee shall transfer to the subaccount within the Senior Credit Facility Account related to such series of Senior Bonds or specific portion thereof and remit to the Credit Facility Provider from said subaccount within the Senior Credit Facility Account, on the Principal Payment Date on which payment is made, all moneys then on deposit in the Senior Principal Account replaced by Credit Facility proceeds or otherwise apply such moneys as provided in the related Series Resolution, Credit Agreement or Related Agreement.

(c) *Senior Bond Expense Account.*

The Trustee shall transfer from the Revenue Fund to the Senior Bond Expense Account on each Quarterly Transfer Date and Payment Date amounts for the payment of Bond-Related Costs.

(d) *Senior Credit Facility Account.*

To the extent so provided in the applicable Series Resolution, the Trustee shall create a separate Senior Credit Facility Account within the Senior Bond Fund for each Series of Senior Bonds (or specific Senior Bonds with in a series) secured by a Credit Facility which is not a Debt Service Reserve Fund Credit Facility. For any Credit Facility which constitutes a bond insurance policy or similar instrument pursuant to which the Credit Facility Provider is entitled to subrogation rights as to amounts paid to Bondowners secured thereby, the Series Resolution relating thereto may provide for payment directly to such Credit Facility Provider of available amounts in the Senior Principal Account and Senior

Interest Account by reason of such subrogation rather than establishing a Senior Credit Facility Account and requiring a transfer of such amounts thereto prior to payment of such amounts to such a Credit Facility Provider. All amounts drawn under a Credit Facility for which a Senior Credit Facility Account is established to pay the principal or redemption price of, purchase price of, premium, if any, and interest on, any series of Senior Bonds or a specific portion thereof, shall be deposited in the related Senior Principal Account, Senior Interest Account, Special Redemption Fund, Senior Purchase Account or other Account created under the related Series Resolution, and the Trustee shall apply such amounts to the purpose for which they were drawn, as further *provided* in the related Series Resolution, Credit Agreement and Related Agreements. Promptly upon such deposit and application, the Trustee shall transfer from the appropriate Fund or Account to the applicable Senior Credit Facility Account all Tax Revenues or other amounts replaced by Credit Facility proceeds or such Tax Revenues, or other amounts which become available by reason of the application of such Credit Facility proceeds as provided in the Series Resolution, all of which amounts shall not exceed the amounts drawn on the Credit Facility plus interest thereon. The Trustee shall remit such amounts from the applicable Senior Credit Facility Account to the applicable Credit Facility Provider as shall be provided in the related Series Resolution or Credit Agreement.

(e) *Senior Purchase Account.*

The Trustee shall deposit funds in the Senior Purchase Account as follows and as provided in any Series Resolution:

- (1) the proceeds of remarketing of Senior Bonds, except to the extent such proceeds are required by the terms of a Series Resolution and related Remarketing Agreement to be paid to Bondowners selling such Senior Bonds or to a Credit Facility Provider which has provided the funds required to purchase Senior Bonds;
- (2) funds provided by a Credit Facility Provider to purchase Senior Bonds;
- (3) other funds provided to the Trustee by the District or any other person accompanied by a written direction to deposit such funds in the Senior Purchase Account; and
- (4) any other funds required to be so deposited by a Series Resolution.

(f) *Deficiencies in the Senior Interest Account or Senior Principal Account.*

In the event, on a Payment Date, the amount then on deposit in the Senior Interest Account or the Senior Principal Account is not sufficient to pay to the Owners of the Senior Bonds the full amount of interest on and principal of all Outstanding Senior Bonds then due, the Trustee shall promptly notify the District of such fact and thereafter withdraw from other Funds and Accounts, funds on deposit in such Funds and Accounts in the following order, and transfer such funds to the Senior Interest Account or Senior Principal Account, as appropriate, until the amounts so withdrawn and transferred equal the amount of such deficiency:

- (1) the Restricted Tax Revenues Account;
- (2) the General Account;

- (3) the Unrestricted Tax Revenues Account;
- (4) the Special Redemption Fund (other than amounts held therein to pay or redeem Bonds for which notice of redemption has theretofore been given and amounts held therein to defease Outstanding Bonds pursuant to Article Eight of the General Resolution);
- (5) the Junior Bond Expense Account;
- (6) the Junior Principal Account;
- (7) the Junior Interest Account;
- (8) the Senior Bond Expense Account;
- (9) the Senior Principal Account (for deficiencies in the Senior Interest Account);
- (10) the Senior Interest Account (for deficiencies in the Senior Principal Account);
- (11) the Senior Debt Service Reserve Fund; and
- (12) the Project Fund (to the extent such application is permitted by the Series Resolution governing the same).

Deficiencies in the Senior Interest Account shall be fully cured prior to curing any deficiency in the Senior Principal Account. Deficiencies in the Senior Interest Account and/or Senior Principal Account shall be fully cured prior to curing any deficiencies in the Junior Interest Account and/or Junior Principal Account (except that deficiencies in the Junior Interest Account and/or Junior Principal Account may be cured by transfers from the Junior Debt Service Reserve Fund).

In addition to the withdrawals and transfers described above, the District shall have the option but not the obligation to direct the Trustee to transfer moneys from the Operating Fund to the Senior Interest Account and the Senior Principal Account.

(g) *Pro-Rata Payments.*

In the event the amount then on deposit in the Senior Interest Account or the Senior Principal Account on a Payment Date is not sufficient to pay to the Owners of the Senior Bonds the full amount of interest on and principal of all Outstanding Senior Bonds then due and such deficiency cannot be cured, the Trustee shall nonetheless pay out all moneys on deposit in the Senior Interest Account and Senior Principal Account to the persons entitled thereto, pro rata according to the amount owed to each (subject in all events to any provisions to the contrary as to Credit Facilities or other amounts which a Series Resolution may pledge or otherwise provide for under procedures by which specific Tax Revenues thereunder are for the specific benefit of a series of Senior Bonds or specific Senior Bonds within a series).

Junior Bond Fund (Section 4.6)

There shall be deposited into the accounts of the Junior Bond Fund all amounts required to be transferred thereto, together with such additional amounts to be deposited into various specified Accounts within the Junior Bond Fund as described in the General Resolution.

(a) Junior Interest Account.

(1) There shall be deposited in the applicable Junior Interest Account in the Junior Bond Fund, upon issuance of each series of Junior Bonds, the amount of accrued interest received from the Original Purchaser thereof, as provided in the applicable Series Resolution.

(2) There shall be transferred to the Junior Interest Account, on each Quarterly Transfer Date and Interest Payment Date, the amount required to be transferred from the Revenue Fund. If on any Interest Payment Date there are not sufficient amounts on deposit in the Junior Interest Account to pay the total amount of interest coming due on the Junior Bonds on such Interest Payment Date, the Trustee shall forthwith transfer to the Junior Interest Account from the other Funds and Accounts listed in paragraph (f) below, funds on deposit in such Funds and Accounts, until the amount so transferred equals the amount of the deficiency. Interest income derived from the investment of amounts on deposit in the Junior Interest Account shall remain in the Junior Interest Account and shall be credited against the amount next due to be transferred to the Junior Interest Account from the Revenue Fund. Notwithstanding the foregoing, any Rebate Amount on deposit in the Junior Interest Account shall be transferred to the Rebate Fund at the direction of the District.

(3) On each Interest Payment Date the Trustee shall withdraw from the Junior Interest Account an amount sufficient to pay the interest coming due on the Junior Bonds on such Interest Payment Date and shall use such amounts to pay, or make provision with the Paying Agent for the payment of, interest on the Junior Bonds on such Interest Payment Date; *provided however*, that if and to the extent payment of interest on the Junior Bonds, or any series thereof or specific portion thereof, shall be made from moneys drawn under a Credit Facility (other than a Debt Service Reserve Fund Credit Facility), the Trustee shall transfer to the subaccount in the Junior Credit Facility Account relating to such a series of Junior Bonds or specific portion thereof and remit to the Credit Facility Provider from said subaccount in the Junior Credit Facility Account, on the Interest Payment Date, all moneys replaced by Credit Facility proceeds or otherwise apply such moneys as provided in the related Series Resolution, Credit Agreement or a Related Agreement.

(b) Junior Principal Account.

(1) There shall be transferred to the Junior Principal Account, on each Quarterly Transfer Date and Principal Payment Date, the amount required to be transferred from the Revenue Fund. If on any Principal Payment Date there are not sufficient amounts on deposit in the Junior Principal Account to pay the total amount of principal coming due on the Junior Bonds on such Principal Payment Date, the Trustee

shall forthwith transfer to the Junior Principal Account from the other Funds and Accounts listed in paragraph (f) below, funds on deposit in such Funds and Accounts, until the amount so transferred equals the amount of the deficiency. All interest income derived from the investment of amounts on deposit in the Junior Principal Account shall be transferred on each Quarterly Transfer Date and Interest Payment Date to the Junior Interest Account and applied as a credit against the amount next due to be transferred to the Junior Interest Account from the Revenue Fund. Notwithstanding the foregoing, any Rebate Amount on deposit in the Junior Principal Account shall be transferred to the Rebate Fund at the direction of the District.

(2) On or before each Principal Payment Date, the Trustee shall withdraw from the Junior Principal Account an amount sufficient to pay the scheduled principal coming due on the Junior Bonds on such Principal Payment Date, and shall use such amounts to pay, or make provision with the Paying Agents for the payment of, principal of the Junior Bonds on such Principal Payment Date, whether by reason of stated Maturity Date or by reason of Mandatory Sinking Fund Requirements applicable to any Junior Term Bonds; *provided, however*, that if and to the extent payment of principal coming due on the Junior Bonds, or any series thereof or specific portion thereof, shall be made from moneys drawn under a Credit Facility (other than a Debt Service Reserve Fund Credit Facility), the Trustee shall transfer to the subaccount within the Junior Credit Facility Account related to such series of Junior Bonds or specific portion thereof and remit to the Credit Facility Provider from said subaccount within the Junior Credit Facility Account, on the Principal Payment Date on which payment is made, all moneys then on deposit in the Junior Principal Account replaced by Credit Facility proceeds or otherwise apply such moneys as provided in the related Series Resolution, Credit Agreement or Related Agreement.

(c) *Junior Bond Expense Account.*

The Trustee shall transfer from the Revenue Fund to the Junior Bond Expense Account on each Quarterly Transfer Date and Payment Date amounts for the payment of Bond-Related Costs.

(d) *Junior Credit Facility Account.*

For any Credit Facility which constitutes a bond insurance policy or similar instrument pursuant to which the Credit Facility Provider is entitled to subrogation rights as to amounts paid to Bondowners secured thereby, the Series Resolution relating thereto may provide for payment directly to such Credit Facility Provider of available amounts in the Junior Principal Account and Junior Interest Account by reason of such subrogation rather than establishing a Junior Credit Facility Account and requiring a transfer of such amounts thereto prior to payment of such amounts to such a Credit Facility Provider. All amounts drawn under a Credit Facility for which a Junior Credit Facility Account is established to pay the principal or redemption price of, purchase price of, premium, if any, and interest on, any series of Junior Bonds or a specific portion thereof, shall be deposited in the related Junior Principal Account, Junior Interest Account, Special Redemption Fund, Junior Purchase Account or other Account created under the related Series Resolution, and the Trustee shall apply such amounts to the purpose for which they were drawn, as further provided in the related Series Resolution, Credit Agreement and Related Agreements. Promptly upon such deposit and application, the Trustee shall transfer from the appropriate Fund or Account to the applicable Junior Credit Facility Account all Tax

Revenues or other amounts replaced by Credit Facility proceeds or such Tax Revenues, or other amounts which become available by reason of the application of such Credit Facility proceeds as provided in the Series Resolution, all of which amounts shall not exceed the amounts drawn on the Credit Facility plus interest thereon. The Trustee shall remit such amounts from the applicable Junior Credit Facility Account to the applicable Credit Facility Provider as shall be provided in the related Series Resolution or Credit Agreement.

(e) *Junior Purchase Account.*

The Trustee shall deposit funds in the Junior Purchase Account as follows and as provided in any Series Resolution:

- (1) the proceeds of remarketing of Junior Bonds, except to the extent such proceeds are required by the terms of a Series Resolution and related Remarketing Agreement to be paid to Bondowners selling such Junior Bonds or to a Credit Facility Provider which has provided the funds required to purchase Junior Bonds;
- (2) funds provided by a Credit Facility Provider to purchase Junior Bonds;
- (3) other funds provided to the Trustee by the District or any other person accompanied by a written direction to deposit such funds in the Junior Purchase Account; and
- (4) any other funds required to be so deposited by a Series Resolution.

(f) *Deficiencies in the Junior Interest Account or Junior Principal Account.*

In the event, on a Payment Date, the amount then on deposit in the Junior Interest Account or the Junior Principal Account is not sufficient to pay to the Owners of the Junior Bonds the full amount of interest on and principal of all Outstanding Junior Bonds then due, the Trustee shall promptly notify the District of such fact and thereafter withdraw from other Funds and Accounts, funds on deposit in such Funds and Accounts in the following order, and transfer such funds to the Junior Interest Account or Junior Principal Account, as appropriate, until the amounts so withdrawn and transferred equal the amount of such deficiency:

- (1) the Restricted Tax Revenues Account;
- (2) the General Account;
- (3) the Unrestricted Tax Revenues Account;
- (4) the Special Redemption Fund (other than amounts held therein to pay or redeem Bonds for which notice of redemption has theretofore been given and amounts held therein to defease Outstanding Bonds pursuant to Article Eight of the General Resolution);
- (5) the Junior Bond Expense Account;

(6) the Junior Principal Account (for deficiencies in the Senior Interest Account);

(7) the Junior Interest Account (for deficiencies in the Senior Principal Account);

(8) the Section 229.50 Accounts in the case of Junior Bonds secured by such Accounts and the applicable Series Reserve Account in the case of Junior Bonds secured by such Series Reserve Account; and

(9) the Project Fund (to the extent such application is permitted by the Series Resolution governing the same).

Deficiencies in the Junior Interest Account shall be fully cured prior to curing any deficiency in the Junior Principal Account. Deficiencies in the Senior Interest Account and/or Senior Principal Account shall be fully cured prior to curing any deficiencies in the Junior Interest Account and/or Junior Principal Account (except that deficiencies in the Junior Interest Account and/or Junior Principal Account may be cured by transfers from the Section 229.50 Accounts or a Series Reserve Account, as the case may be).

(g) *Pro-Rata Payments.*

In the event the amount then on deposit in the Junior Interest Account or the Junior Principal Account on a Payment Date is not sufficient to pay to the Owners of the Junior Bonds the full amount of interest on and principal of all Outstanding Junior Bonds then due and such deficiency cannot be cured, the Trustee shall nonetheless pay out all moneys on deposit in the Junior Interest Account and Junior Principal Account to the persons entitled thereto, pro rata according to the amount owed to each (subject in all events to any provisions to the contrary as to Credit Facilities or other amounts which a Series Resolution may pledge or otherwise provide for under procedures by which specific Tax Revenues thereunder are for the specific benefit of a series of Junior Bonds or specific Junior Bonds within a series).

Senior Debt Service Reserve Fund (Section 4.7)

An initial deposit to the credit of the Senior Debt Service Reserve Fund is to be made by the Trustee from the proceeds of each series of Senior Bonds in an amount sufficient to satisfy the Senior Debt Service Reserve Fund Requirement or, in lieu thereof, the District may cause a Debt Service Reserve Fund Credit Facility to be delivered to the Trustee for such purpose. Thereafter, the Senior Debt Service Reserve Fund shall be maintained at the Senior Debt Service Reserve Fund Requirement. If on any Payment Date the amount then on deposit in the Senior Debt Service Reserve Fund is less than the Senior Debt Service Reserve Fund Requirement for such account, the Trustee shall promptly notify the District of such fact and thereafter withdraw from other Funds and Accounts, in the following order, and transfer to the Senior Debt Service Reserve Fund an amount equal to the deficiency:

(a) the Restricted Tax Revenues Account;

(b) the General Account;

(c) the Unrestricted Tax Revenues Account;

(d) the Special Redemption Fund (other than amounts held therein to pay or redeem Bonds for which notice of redemption has theretofore been given and amounts held therein to defease Outstanding Bonds pursuant to Article Eight of the General Resolution);

(e) the Junior Bond Expense Account;

(f) the Junior Principal Account;

(g) the Junior Interest Account; and

(h) the Project Fund (to the extent such application is permitted by the Series Resolution governing the same).

If on any Interest Payment Date there are not sufficient amounts on deposit in the Senior Interest Account to pay the total amount of interest coming due on any Senior Bonds entitled to the benefit and security of the Senior Debt Service Reserve Fund on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Senior Principal Account to pay the total amount of principal coming due on any Senior Bonds entitled to the benefit and security of the Senior Debt Service Reserve Fund on such Principal Payment Date, the Trustee shall transfer sums on deposit in the Senior Debt Service Reserve Fund to the Senior Interest Account or Senior Principal Account, as the case may be, in an amount sufficient to make up any such deficiency. In the event that a portion of the Senior Debt Service Reserve Fund Requirement is evidenced or satisfied by a Credit Facility, the Trustee shall comply with any limitations or other requirements in or relating to such Credit Facility or in the related Credit Agreement or Related Agreements. Following any transfer required by Section 4.7 of the General Resolution, the Trustee shall withdraw from the Senior Debt Service Reserve Fund and remit to each Credit Facility Provider (other than a Credit Facility Provider which has provided a Debt Service Reserve Fund Credit Facility) any amounts required by an applicable Credit Agreement to be paid to the Credit Facility Provider under such Credit Agreement.

Except provided under "*Senior Debt Service Reserve Fund Credit Facility*" below, following any transfer required by the preceding paragraph, the Trustee shall withdraw from the Senior Debt Service Reserve Fund and remit to each Credit Facility Provider (other than a Credit Facility Provider which has provided a Debt Service Reserve Fund Credit Facility) any amounts required by an applicable Credit Agreement to be paid to the Credit Facility Provider under such Credit Agreement; provided that such remittance shall not exceed the amount then due to the applicable Credit Facility Provider and permitted to be so paid to such Credit Facility Provider pursuant to the General Resolution; and provided further, that if the amount then on deposit in the Senior Debt Service Reserve Fund is not sufficient to pay when due all amounts then due to all Credit Facility Providers, the Trustee shall pay to each Credit Facility Provider entitled to such payments from the amount available (pro rata according to the amount due to each Credit Facility Provider) of the debt then due until all funds in the Senior Debt Service Reserve Funds are exhausted.

Senior Debt Service Reserve Fund Credit Facility.

(a) To the extent so provided in the applicable Series Resolution, the Trustee shall create a separate Senior Debt Service Reserve Account for each Debt Service Reserve Fund Credit Facility.

(b) The Trustee shall deposit in the related Senior Debt Service Reserve Account all amounts drawn under or in connection with a Debt Service Reserve Fund Credit Facility required to pay the principal or redemption price of and interest on, any series of Senior Bonds.

(c) If and to the extent that the amount on deposit in the Senior Debt Service Reserve Fund is less than the Senior Debt Service Reserve Fund Requirement and moneys are transferred to the Senior Debt Service Reserve Fund, such moneys shall be applied first to satisfy any obligation of the District with respect to a Credit Agreement or Related Agreements which relates to a Debt Service Reserve Fund Credit Facility, including interest or expenses relating to any repayment obligation of the District which may arise by reason of a drawing on such Debt Service Reserve Fund Credit Facility.

All income derived from the investment of amounts on deposit in the Senior Debt Service Reserve Fund and any Account therein shall be retained therein at all times when the amount on deposit in the Senior Debt Service Reserve Fund is less than the Senior Debt Service Reserve Fund Requirement, and at all other times shall be transferred to the Senior Interest Account and applied as otherwise required by the General Resolution; provided that in all events, all Rebate Amounts allocable to amounts on deposit in the Senior Debt Service Reserve Fund shall be transferred to the Rebate Fund.

No later than thirteen (13) months preceding the final maturity date of each series of Senior Bonds, the District shall elect in writing whether to apply amounts in the Senior Debt Service Reserve Fund to the payment of the amount due on such final maturity date. The amount so applied shall not exceed the lesser of (1) the Senior Debt Service Reserve Fund Requirement, or (2) the amount actually on deposit in the Senior Debt Service Reserve Fund and attributable to that series of Senior Bonds. If the District elects to so apply amounts in the Senior Debt Service Reserve Fund, the amount to be so applied shall be transferred, in quarterly installments equal to the Quarterly Requirement, to the related Senior Interest Account and Senior Principal Account and each amount transferred shall be credited against the Quarterly Requirement transferrable from the Revenue Fund to the related Senior Interest Account and Senior Principal Account under the General Resolution on account of the series of Senior Bonds for which the election is made.

Junior Debt Service Reserve Fund (Section 4.8)

An initial deposit to the credit of the Section 229.50 Accounts or any Series Reserve Account is to be made by the Trustee from the proceeds of each series of Junior Bonds or other legally available funds of the District in an amount sufficient to satisfy the applicable Junior Debt Service Reserve Fund Requirement or, in lieu thereof, except as may be otherwise provided in a Series Resolution, the District may cause a Debt Service Reserve Fund Credit Facility to be delivered to the Trustee for such purpose. Thereafter, the Section 229.50 Accounts and any Series Reserve Accounts shall be maintained at the applicable Junior Debt Service Reserve Fund Requirement. If on any Payment Date the amount then on deposit in the Section 229.50 Accounts or any Series Reserve Account is less than the applicable Junior Debt Service Reserve Fund Requirement for such Account or Accounts, the Trustee shall promptly notify the District of such fact and thereafter withdraw from other Funds and Accounts, in the following order, and transfer to the Section 229.50 Accounts or the applicable Series Reserve Account an amount equal to the deficiency:

- (a) the Restricted Tax Revenues Account;
- (b) the General Account;

(c) the Unrestricted Tax Revenues Account;

(d) the Special Redemption Fund (other than amounts held therein to pay or redeem Bonds for which notice of redemption has theretofore been given and amounts held therein to defease Outstanding Bonds pursuant to Article Eight of the General Resolution);

(e) the Project Fund (to the extent such application is permitted by the Series Resolution governing the same); and

(f) except in the case of a Series Reserve Account, resort to the State moral obligation pledge pursuant to the provisions described under "Moral Obligation (Section 3.7)" above.

In the event that amounts available are insufficient, the amounts shall be applied pro rata based on the deficiency in the Section 229.50 Accounts and each applicable Series Reserve Account.

In addition to the withdrawals and transfers described above, the District shall have the option but not the obligation to direct the Trustee to transfer moneys from the Operating Fund to the Junior Debt Service Reserve Fund. Notwithstanding any of the foregoing in this Section of the General Resolution, on any date the Senior Debt Service Reserve Fund shall be replenished to the Senior Debt Service Reserve Fund Requirement prior to any transfers pursuant to this Section of the General Resolution.

If on any Interest Payment Date there are not sufficient amounts on deposit in the Junior Interest Account to pay the total amount of interest coming due on any Junior Bonds entitled to the benefit and security of the Section 229.50 Accounts or a Series Reserve Account, as the case may be, on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Junior Principal Account to pay the total amount of principal coming due on any Junior Bonds entitled to the benefit and security of the Section 229.50 Accounts or a Series Reserve Account on such Principal Payment Date, the Trustee shall transfer sums on deposit in the Section 229.50 Accounts or the applicable Series Reserve Account to the Junior Interest Account or Junior Principal Account, as the case may be, in an amount sufficient to make up any such deficiency. Moneys transferred from the Junior Debt Service Reserve Fund to the Junior Interest Account or the Junior Principal Account may not in any event be transferred to the Senior Interest Account or the Senior Principal Account under Section 4.5(f) of the General Resolution. In the event that a portion of an applicable Junior Debt Service Reserve Fund Requirement is evidenced or satisfied by a Credit Facility, the Trustee shall comply with any limitations or other requirements in or relating to such Credit Facility or in the related Credit Agreement or Related Agreements. Following any transfer required by this Section of the General Resolution, the Trustee shall withdraw from the Section 229.50 Accounts or applicable Series Reserve Account and remit to each Credit Facility Provider (other than a Credit Facility Provider which has provided a Debt Service Reserve Fund Credit Facility) any amounts required by an applicable Credit Agreement to be paid to the Credit Facility Provider under such Credit Agreement.

Junior Debt Service Reserve Fund Credit Facility.

(a) To the extent so provided in the applicable Series Resolution, the Trustee shall create a separate Junior Debt Service Reserve Account for each Debt Service Reserve Fund Credit Facility.

(b) The Trustee shall deposit in the related Junior Debt Service Reserve Account all amounts drawn under or in connection with a Debt Service Reserve Fund Credit Facility required to pay the principal or redemption price of and interest on, any series of Junior Bonds.

(c) If and to the extent that the amount on deposit in the Section 229.50 Accounts or a Series Reserve Account, as the case may be, is less than the applicable Junior Debt Service Reserve Fund Requirement and moneys are transferred to the Section 229.50 Accounts or a Series Reserve Account, such moneys shall be applied first to satisfy any obligation of the District with respect to a Credit Agreement or Related Agreements which relates to a Debt Service Reserve Fund Credit Facility, including interest or expenses relating to any repayment obligation of the District which may arise by reason of a drawing on such Debt Service Reserve Fund Credit Facility.

On each Payment Date, the Trustee shall deposit into the State Contribution Account, for payment to the State, amounts owed to the State pursuant to and in accordance with the State Reimbursement Agreement.

Special Redemption Fund (Section 4.9)

Any Restricted Tax Revenues remaining in the Restricted Tax Revenues Account following all required transfers on the last Payment Date of a Bond Year, any excess Bond proceeds and other amounts to be used to prepay Bonds and such other sums designated for the prepayment of Bonds by the District shall be deposited in the Special Redemption Fund and applied as provided by the Series Resolution or, if no provision is made by the applicable Series Resolution, as directed in a certificate of a District Representative, to purchase Bonds to be surrendered to the Trustee as a credit against Debt Service Requirements when due or to pay the principal of and premium, if any, of the Bonds then subject to and called for redemption.

Operating Fund (Section 4.11)

The Operating Reserve Account, Capital Maintenance Account and Surplus Account within the Operating Fund are established by the District as separate, segregated accounts within the Operating Fund. Neither the Operating Fund nor any Account therein shall be subject to the lien of the General Resolution nor be part of the Trust Estate established by the General Resolution.

Amounts deposited into the Operating Fund shall be deposited into the Accounts therein as follows:

(a) *first*, to the Operating Reserve Account, an amount sufficient to cause the amount on deposit in such Account to equal or exceed \$2,500,000 (or such higher figure as provided in a Series Resolution); *provided, however*, that once the District has achieved a balance of at least \$2,500,000 (or such higher figure as provided in a Series Resolution) in the Operating Reserve Account, it need not maintain such amount in the Operating Reserve Account thereafter;

(b) *second*, to the Capital Maintenance Account, an amount equal to (A) \$650,000 in the Bond Year ending on December 15, 2000, and (B) in each subsequent Bond Year, 103% of the deposit requirement for the previous Bond Year; and

(c) *third*, to the Surplus Account.

The Operating Reserve Account shall be funded as provided above, and may be transferred to the Surplus Account as follows:

(d) if, following any such expenditure, the balance on deposit in the Operating Reserve Account shall be less than \$2,500,000 (or such higher figure as provided in a Series Resolution) but in excess of \$1,000,000 (or such higher figure as provided in a Series Resolution), such expenditure shall be authorized by a vote of two-thirds of the Members of the Board of Directors of the District then in office; and

(e) prior to any expenditure that would reduce the balance on deposit in the Operating Reserve Account to less than \$1,000,000 (or such higher figure as provided in a Series Resolution), the District shall first have passed a resolution increasing the tax rate for one or more of the taxes available to the District to a rate sufficient to increase total Tax Revenues for the following Bond Year by an amount projected to be at least equal to the amount of such expenditure.

Subject to the foregoing, moneys in the Operating Reserve Account shall be paid by the Trustee to the District upon request.

The District may apply any moneys on deposit in the Capital Maintenance Account to purchase equipment or pay capital maintenance items expected to have an economic life of three years or more, subject to approval by a vote of two-thirds of the Members of the Board of Directors of the District then in office. Moneys in the Capital Maintenance Account shall be disbursed according to the procedures set forth in "Project Fund (Section 4.3)" above.

The District may apply any moneys on deposit in the Surplus Account at the times and in the amounts it determines appropriate, but only for such purposes as the Act shall, from time to time, permit.

Monthly Report by Trustee (Section 4.13)

Within seven days after the end of each month, the Trustee shall prepare a written report for each Fund and Account held by it under the General Resolution. Such report shall set out the receipts and disbursements, both principal and income, and shall list the investments held at the end of the month. A copy of each such report shall be furnished to the District and the Secretary of the State Department of Administration.

Additional Bonds (Section 5.3)

See "ISSUANCE OF ADDITIONAL BONDS" in this Official Statement.

Refunding Bonds (Section 5.4)

Additional Bonds may be issued for the purpose of refunding all or any part of one or more series of Outstanding Bonds. A series of refunding bonds may be issued only upon receipt by the Trustee (in addition to the receipt by the Trustee of the documents required for the issuance of Additional Bonds) of:

(a) irrevocable instructions from the District to the Trustee, satisfactory to the Trustee, to give due notice of redemption of all of the Bonds which are to be redeemed prior to maturity on the redemption date specified in such instructions;

(b) irrevocable instructions from the District to the Trustee, satisfactory to the Trustee, to give due notice of redemption to the Owners of the Bonds being refunded; and

(c) obligations described under "Payment, Satisfaction and Discharge of Bonds (Section 8.1)" below sufficient to discharge the District's obligations with respect to the Bonds being refunded.

Assurance of Tax Exemption (Section 6.1)

In order to assure that the interest on the Tax-Exempt Bonds shall at all times be free from federal income taxation, the District represents and covenants with the Trustee and all Owners of Tax-Exempt Bonds that it shall take all action (and refrain from taking any action) which is necessary in order for the interest on the Tax-Exempt Bonds to be excluded from gross income of the owners thereof for federal income taxation purposes.

Payment, Satisfaction and Discharge of Bonds (Section 8.1)

Whenever the conditions specified in either clause (1) or clause (2) of the following subsection (a) and the conditions specified in the following subsections (b), (c), (d) and (e), to the extent applicable, shall exist, namely:

(a) either:

(1) all Bonds have been cancelled by the Trustee or delivered to the Trustee for cancellation, excluding, however:

(A) Bonds for whose payment has theretofore been deposited in trust or segregated and held in trust by a trust company or bank in the State having the power of a trust company and possessing capital and surplus of not less than \$50,000,000 (which trust company or bank may be the Paying Agent or Trustee) and thereafter repaid to the District or discharged from such trust as provided in the General Resolution; and

(B) Bonds alleged to have been destroyed, lost or stolen which have been replaced or paid as provided in the General Resolution, and (i) which, prior to the satisfaction and discharge of the General Resolution as hereinafter provided, have not been presented to the Paying Agent or the Trustee with a claim of ownership and enforceability by the Owner thereof, or (ii) whose enforceability by the Owner thereof has been determined adversely to the Owner by a court of competent jurisdiction or other competent tribunal; or

(2) the District has deposited or caused to be deposited as trust funds:

(A) with the Paying Agent, cash, or

(B) with the Trustee, cash and/or Defeasance Securities, which do not permit the redemption thereof at the option of the issuer thereof, the principal of, premium, if any, and interest on which when due (or upon the redemption thereof at the option of the holder), will without reinvestment, provide cash which together with the cash, if any, deposited with the Trustee at the same time,

which shall be sufficient to pay and discharge the entire indebtedness on Bonds not theretofore cancelled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal (and premium, if any) of the Bonds which have become due and payable or which shall become due at their stated Maturity Date or redemption date, as the case may be, and which are to be discharged under the provisions of the General Resolution, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the District; and

(b) the District has paid, caused to be paid or made arrangements satisfactory to the Trustee for the payment of all other sums payable under the General Resolution and under any Credit Facility, Credit Agreement and other Related Agreements by the Trustee or the District until the Bonds secured by such Credit Facility are so paid; and

(c) the District has delivered to the Trustee a report of an Independent Accountant stating that the cash and payments to be made on the Defeasance Securities referred to in clause (a) (2) above will be sufficient to pay when due the principal of, premium, if any, and interest on the Bonds to be defeased; and

(d) if discharge is to be effected under clause (a) (2) above, an opinion of Bond Counsel is delivered to the Trustee stating in effect that such discharge will not impair the tax-exempt status of the Tax-Exempt Bonds then Outstanding; and

(e) if full discharge and satisfaction of the General Resolution is to be effected under clause (a) (2) above, an opinion of Independent Counsel to the effect that all conditions precedent to the satisfaction and discharge of the General Resolution have been complied with;

then, the rights of the Owners of such Bonds shall be limited to the cash or cash and securities deposited as provided in clause (a) (1) or (2) above, and the rights and interest granted by the General Resolution and any related Series Resolution, to or for the benefit of the Trustee or Bondowners shall cease, terminate and become null and void, and the District and the Trustee shall, at the expense of the District, execute and deliver such instruments of satisfaction and transfer as may be necessary, and forthwith the estate, right, title and interest of the Trustee in and to all rights under this Resolution and any Series Resolution (except the moneys or securities or both deposited as required above) shall thereupon be discharged and satisfied.

Remedies (Section 9.2)

Upon the occurrence of an Event of Default, the Trustee shall proceed to pursue any available remedy by suit at law or in equity to enforce all rights of the Bondowners, including without limitation the right to the payment of the principal or premium, if any, and interest on the Bonds then Outstanding out of any available Tax Revenues or any remainder of the Trust Estate and, without limiting

the foregoing, the Trustee shall (subject to Section 9.3) proceed to protect and enforce its rights and the rights of Bondowners under the Act, the General Resolution, any Credit Facility and any Related Document by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the General Resolution or in aid of execution of any power granted in the General Resolution or for the enforcement of any proper legal or equitable remedy, as the Trustee (being advised by Independent Counsel) shall deem most expedient in the interests of the Bondowners; *provided, however*, that the Trustee shall have the right to decline to comply with any request of Bondowners under Section 9.3 if the Trustee shall be advised by Independent Counsel that the action so requested may not lawfully be taken or if the Trustee in good faith shall determine that such action would be unjustly prejudicial to the Bondowners not parties to such request; and *provided, further*, that notwithstanding any other provision under the General Resolution or any Series Resolution and under no circumstances (including in an Event of Default upon an act of bankruptcy, upon a determination of insolvency, in connection with a receivership proceeding or otherwise) shall the Trustee, any Bondowner or any other person have the right or power to accelerate the maturity of any Bonds.

Direction of Proceedings by Bondowners (Section 9.3)

The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the General Resolution, the Series Resolutions and the Related Agreements or for the appointment of a receiver or any other proceedings under the General Resolution; *provided* that such direction shall not be otherwise than in accordance with the provisions of law and of the General Resolution. Notwithstanding the foregoing, the Owners of a majority in aggregate principal amount of the Senior Bonds then Outstanding shall have the right to direct the Trustee as provided in this paragraph as to matters pertaining only to the Senior Bonds, and the Owners of a majority in aggregate principal amount of the Junior Bonds then Outstanding shall have the right to direct the Trustee as provided in this paragraph as to matters pertaining only to the Junior Bonds; *provided* that the Owners of Junior Bonds secured by the Section 229.50 Accounts within the Junior Debt Service Reserve Fund may not direct the Trustee to exercise rights relating to any Series Reserve Account, and the Owners of Junior Bonds secured by a Series Reserve Account within the Junior Debt Service Reserve Fund may not direct the Trustee to exercise rights relating to the Series 229.50 Accounts. If any direction of the Bondowners shall relate to or affect the Senior Bonds, then a majority in aggregate principal amount of the Senior Bonds then Outstanding shall be required under this paragraph in addition to the requirement of a majority in aggregate principal amount of all Bonds then Outstanding.

Priority of Payment (Section 9.5)

All Senior Bonds issued under and secured by the General Resolution shall be equally and ratably secured by and payable from the Senior Bond Fund, without priority of one Senior Bond over any other, except as otherwise expressly provided (i) in the General Resolution with respect to Senior Bonds of a specific series (or specific Senior Bonds within a series) secured by a Credit Facility, (ii) in a Series Resolution, or (iii) with respect to moneys or assets whether or not held in the Senior Bond Fund pledged to secure one or more series of Senior Bonds (or specific Senior Bonds within a series).

All Junior Bonds issued under and secured by the General Resolution shall be equally and ratably secured by and payable from the Junior Bond Fund, without priority of one Junior Bond over any other, except as otherwise expressly provided (i) in the General Resolution with respect to Junior Bonds of a specific series (or specific Junior Bonds within a series) secured by a Credit Facility, (ii) in a Series Resolution, or (iii) with respect to moneys or assets whether or not held in the Junior Bond Fund pledged to secure one or more series of Junior Bonds (or specific Junior Bonds within a series).

Upon the occurrence of an Event of Default, all moneys collected pursuant to action taken pursuant to the Trustee's or Bondowners' remedies under the General Resolution shall be deposited:

(1) into the Senior Credit Facility Account, Senior Debt Service Reserve Credit Facility Account, Junior Credit Facility Account, Junior Debt Service Reserve Credit Facility Account or State Contribution Account, as appropriate, or

(2) into the Revenue Fund, to be further deposited as provided in the General Resolution,

and thereafter all moneys in the applicable Bond Fund (and, at the discretion of the Trustee except when otherwise required under the General Resolution, any other Fund described in the General Resolution), excluding however (A) any moneys held in trust for the payment of any Bonds or interest thereon which have matured or otherwise become payable prior to such Event of Default and (B) any moneys (such as Credit Facility proceeds) pledged exclusively to secure one or more specific series of Bonds (or specific Bonds within a series) shall be applied as provided as follows:

Unless the principal of all Bonds shall have become due and payable, all such moneys in the respective Funds securing such obligations shall be applied consistent with the respective priorities of liens and the respective purposes for such Funds each as follows:

FIRST: To the payment of the persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND: To the payment of the persons entitled thereto of the unpaid principal of and redemption premium, if any, on any of the Bonds which shall have become due (other than Bonds which have matured or have otherwise become payable prior to such Event of Default and moneys for the payment of which are held in trust pursuant to the provisions of the General Resolution) in the order of their due dates and, if the amount available shall not be sufficient to pay in full the unpaid principal and redemption premium, if any, on Bonds due on any particular due date, then to the payment ratably, according to the amount of principal and premium, if any, due on such date, to the persons entitled thereto, without any discrimination or privilege; and

THIRD: To the payment of interest and premium, if any, on and the principal of the Bonds and to the redemption of such Bonds, as thereafter may from time to time become due, all in accordance with the provisions of the General Resolution; and

FOURTH: To reimburse the Trustee for its costs and expenses; provided, however, that if the Trustee shall take any action relating solely to the Junior Bonds, whether at the direction of the Junior Bondowners pursuant to the General Resolution or otherwise, the Trustee shall be reimbursed solely from the Junior Bond Expense Account.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the General Resolution, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard to the source of such moneys, the priority of liens securing the Bonds under the General Resolution, the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall (i) fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue, and (ii) on or before such date set aside the moneys necessary to effect such application. The Trustee shall give to the Bondowners mailed notice of the deposit with it of any such moneys and of the fixing of any such date. Neither the Trustee nor any Paying Agent shall be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Bonds and interest thereon and all other indebtedness secured hereby have been paid under the provisions of this Section, and all expenses and charges of the Trustee have been paid, any balance remaining shall be paid to the person entitled to receive the same pursuant to the General Resolution.

Acceptance of Trustee (Section 10.1)

Prior to the issuance of the initial series of Bonds, the Trustee shall, by written certificate, accept the duties and obligations of Trustee under the General Resolution. The Trustee shall not be answerable except for its negligence or willful default. Before taking any action under the General Resolution, the Trustee may require that it be furnished an indemnity bond satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability except liability which is adjudicated to have resulted from the negligence or willful default of the Trustee, by reason of any action so taken by the Trustee.

Trustee's Fees, Charges, and Expenses (Section 10.2)

The Trustee and any Paying Agent shall be entitled to payment and/or reimbursement for reasonable fees for services rendered under the General Resolution as shall be provided in any Series Resolution and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in and about the execution of the trusts created by the General Resolution and in and about the exercise and performance of the powers and duties of the Trustee under the General Resolution and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee). Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of interest on or principal or premium, if any, of any Bond and upon the money received by it under the General Resolution, for said fees, advances, counsel fees, costs and expenses incurred by it. The Trustee and the District may from time to time agree in writing upon the fees, costs and expenses to be paid to the Trustee and each such writing shall be enforceable by either party.

Resignation by Trustee (Section 10.6)

The Trustee shall not resign from the trusts created by the General Resolution unless and until a successor trustee has been appointed, which successor has agreed in writing to perform the duties of the Trustee under the General Resolution.

Subject to the preceding paragraph, the Trustee and any successor trustee may at any time resign from the trusts created by the General Resolution by giving 30 days written notice to the District and by first class mail to each Owner of Bonds as shown on the Bond Register.

Removal of Trustee (Section 10.7)

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, and to the District, and signed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding.

Appointment of Successor Trustee (Section 10.8)

In case the Trustee under the General Resolution shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the General Resolution, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the District or, if the District fails to appoint a successor, by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Amendments of General Resolution Not Requiring Consent of Bondowners (Section 11.1)

The District and the Trustee may, without the consent of any of the Owners enter into any Series Resolution and may supplement any Series Resolution as shall not be inconsistent with the limitations of Section 11.2 of the General Resolution, so as to thereby:

(a) provide for the issuance of Bonds or Additional Bonds as permitted by Article Five of the General Resolution.

(b) cure any ambiguity or formal defect or omission in the General Resolution or in any Series Resolution;

(c) grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee;

(d) more precisely identify the Trust Estate, or any other property which may become a part of the Trust Estate;

(e) subject additional revenues, properties or collateral to the lien and pledge of the General Resolution;

(f) evidence the appointment of a separate trustee or a co-trustee or the succession of a new Trustee and/or Paying Agent under the General Resolution;

(g) modify, eliminate and/or add to the provisions of the General Resolution to such extent as shall be necessary to prevent any interest on Tax-Exempt Bonds from becoming taxable under the Code, or as permitted by Section 6.3(b) of the General Resolution (relating to federal tax law compliance);

(h) effect the qualification of the General Resolution under the Trust Indenture Act of 1939, as then amended, or under any similar Federal statute thereafter enacted, and to add to the General Resolution such other provision as may be expressly permitted by the Trust Indenture Act of 1939, excluding however the provisions referred to in Section 316(a)(2) of the Trust Indenture Act of 1939;

(i) make any other change which is required by any provision of the General Resolution or which is deemed by the Trustee necessary to reconcile the General Resolution with the Related Documents, or any amendments thereto; or

(j) make any other change which in the judgment of the District and Trustee is necessary or desirable and will not materially prejudice any non-consenting Owner of the Bond.

Amendments of General Resolution Requiring Consent of Bondowners (Section 11.2)

Exclusive of Series Resolutions permitted by Section 11.1 of the General Resolution, the Trustee, upon receipt of an instrument evidencing the consent by the Owners of a majority in the aggregate principal amount of the Bonds then Outstanding, shall join with the District in the execution of such Series Resolutions as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the General Resolution or in any Series Resolution; *provided, however*, that nothing in Section 11.2 shall permit or be construed as permitting (1) an extension of the maturity of the principal or of the interest on any Bond issued under the General Resolution, or (2) a reduction in the principal amount of any Bond or the rate of interest thereon, or (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds except as may be otherwise expressly provided in the General Resolution, or (4) a reduction in the aggregate principal amount of the Bonds required for consent to such Series Resolution, or (5) modifying any of the provisions of Section 11.2 of the General Resolution without the consent of the Owners of 100% of the principal amount of all Bonds adversely affected thereby. Notwithstanding the foregoing, the Owners of a majority (or 100%, as applicable) in aggregate principal amount of the Senior Bonds then Outstanding shall have the right to consent as provided in Section 11.2 of the General Resolution as to matters pertaining only to the Senior Bonds, and the Owners of a majority (or 100%, as applicable) in aggregate principal amount of the Junior Bonds then Outstanding shall have the right to consent as provided in Section 11.2 of the General Resolution as to matters pertaining only to the Junior Bonds. If any consent of the Bondowners shall relate to or affect the Senior Bonds, then a majority (or 100%, as applicable) in aggregate principal amount of the Senior Bonds then Outstanding shall be required under Section 11.2 of the General Resolution in addition to the requirement of a majority in aggregate principal amount of all Bonds then Outstanding.

Limitation of Liability of District and its Officers, Employees and Agents (Section 13.6)

To the extent permitted by law, no provision, covenant or agreement contained in the General Resolution or any Series Resolution or the Bonds, or any obligation in the General Resolution or any Series Resolution or the Bonds imposed upon the District, or the breach thereof, shall constitute or

give rise to or impose upon any of the District's officers, employees or agents a pecuniary liability or give rise to or impose a charge upon the District's general credit or taxing powers (other than the District Taxes to the extent pledged therein). In making the agreements, provisions and covenants set forth in the General Resolution, the District has not obligated itself except with respect to the Tax Revenues and the Trust Estate and the application thereof as hereinabove provided.

Amendments to General Resolution Relating to Senior Debt Service Reserve Fund

Upon satisfaction of the consent requirements set forth in Section 11.2 of the General Resolution, the provisions of the General Resolution providing for the issuance of Senior Bonds entitled to the benefit of a Senior Debt Service Reserve Fund which secures Senior Bonds on a parity basis, a Series Debt Service Reserve Fund which secures only a specific series of Senior Bonds or Senior Bonds without the benefit of a Debt Service Reserve Fund, shall be amended to read as follows (with such additions or edits as are necessary to effect the purpose and intent of such amendments):

(i) *Amendments to Section 1.1 of the General Resolution.* The definitions of "Debt Service Reserve Fund," "Debt Service Reserve Fund Requirement," "Senior Bonds" and "Senior Debt Service Reserve Requirement" set forth in Section 1.1 of the General Resolution are hereby amended in their entirety to read in full as follows:

""Debt Service Reserve Fund" shall mean the Senior Debt Service Reserve Fund which includes the Senior Parity Debt Service Reserve Fund and any Senior Series Debt Service Reserve Fund and/or the Junior Debt Service Reserve Fund, including any Series Reserve Accounts therein, as the context may require."

""Debt Service Reserve Fund Requirement" means:

(a) for the Senior Parity Debt Service Reserve Fund shall be an amount equal to the lesser of (i) the maximum amount of principal and interest to become due during the current or any succeeding Bond Year on all Senior Bonds then Outstanding secured by the Senior Parity Debt Service Reserve Fund, (ii) 125% of the average amount of principal and interest to become due during the current and succeeding Bond Years on all Senior Bonds then Outstanding secured by the Senior Parity Debt Service Reserve Fund, and (iii) 10% of the principal amount (or if such Senior Bonds are issued with more than a de minimus amount of original issue discount or original issue premium, 10% of the issue price of such bonds), all as provided in Section 1.148-2(f)(2) of the Regulations, of all Senior Bonds Outstanding secured by the Senior Parity Debt Service Reserve Fund,

(b) for any Senior Series Debt Service Reserve Fund shall be (x) an amount equal to the lesser of (i) the maximum amount of principal and interest to become due during the current or any succeeding Bond Year on the series of Senior Bonds to be secured by the Senior Series Debt Service Reserve Fund, (ii) 125% of the average amount of principal and interest to become due during the current and succeeding Bond Years on the series of Senior Bonds to be secured by the Senior Series Debt Service Reserve Fund, and (iii) 10% of the principal amount (or if such Senior Bonds are issued with more than a de minimus amount of original issue discount or original issue premium, 10% of the issue price of such bonds), all as provided in Section 1.148-2(f)(2)

of the Regulations, of the series of Senior Bonds to be secured by the Senior Series Debt Service Reserve Fund; or (y) any such other amount as is set forth in the Series Resolution with respect to the series of Senior Bonds to be secured by the Senior Series Debt Service Reserve Fund, which may be an amount equal to zero, however, if such amount exceeds the amount set forth in (x), with the delivery of an opinion of Bond Counsel that such amount would not adversely effect the tax status of such series of Senior Bonds, as applicable,

(c) for the Section 229.50 Accounts shall be an amount equal to the maximum amount of principal and interest to become due during the current or any succeeding Bond Year on all Junior Bonds secured by the Section 229.50 Accounts then Outstanding, and

(d) for any Series Reserve Account within the Junior Debt Service Reserve Fund shall be an amount equal to the lesser of (i) the maximum amount of principal and interest to become due during the current or any succeeding Bond Year on all Junior Bonds then Outstanding secured by such Series Reserve Account, (ii) 125% of the average amount of principal and interest to become due during the current and succeeding Bond Years on all Junior Bonds then Outstanding secured by such Series Reserve Account, and (iii) 10% of the principal amount (or if such Junior Bonds are issued with more than a de minimus amount of original issue discount or original issue premium, 10% of the issue price of such bonds), all as provided in Section 1.148-2(f)(2) of the Regulations, of all Junior Bonds Outstanding secured by such Series Reserve Account; provided that the calculation of the maximum amount of interest to become due on Variable Rate Bonds and Adjustable Rate Bonds shall be based on the methodology specified in the definition of Adjusted Debt Service Requirements; and provided further that the calculation of the maximum amount of principal and interest to become due on the applicable Bonds shall exclude the principal amount of such Bonds to be paid from amounts on deposit in the Senior Debt Service Reserve Fund, Section 229.50 Accounts or Series Reserve Account, as the case may be.

The applicable Debt Service Reserve Fund Requirement may, except as may be limited by a Series Resolution, be satisfied by cash, Permitted Investments or a Debt Service Reserve Fund Credit Facility, or any combination thereof."

""Senior Bonds" or "Senior Dedicated Tax Revenue Bonds" shall mean those Bonds designated as such in a Series Resolution, which shall be entitled only to the benefits and protections of the Senior Bond Fund and the Accounts therein, and the Senior Parity Debt Service Reserve Fund and the Accounts or Senior Series Debt Service Reserve Fund and the Accounts therein to the extent provided in such Series Resolution."

""Senior Debt Service Reserve Fund Requirement" shall mean the Debt Service Reserve Fund Requirement applicable to the Senior Bonds or applicable Series of Senior Bonds."

Section 1.1 of the General Resolution is hereby further amended by adding the definitions of "Senior Parity Debt Service Reserve Fund" and "Senior Series Debt Service Reserve Fund" reading in full as follows:

""Senior Parity Debt Service Reserve Fund" shall mean a separate, segregated fund which is a Senior Debt Service Reserve Fund created pursuant to Section 4.1 hereof and Section 4.7(g) by a Series Resolution for the exclusive benefit of the Senior Bonds authorized to benefit thereby as set forth in the Series Resolution for such Senior Bonds."

""Senior Series Debt Service Reserve Fund" shall mean a separate, segregated fund which is a Senior Debt Service Reserve Fund created pursuant to Section 4.1 hereof and Section 4.7(g) by a Series Resolution for the exclusive benefit of Senior Bonds authorized to benefit thereby as set forth in the Series Resolution for such Bonds."

(ii) *Amendment of Section 4.1(a)(6).* Section 4.1(a)(6) of the General Resolution is hereby amended to read in full as follows:

"4.1(a)(6) Senior Debt Service Reserve Fund (which includes the Senior Parity Debt Service Reserve Fund and each Senior Series Debt Service Reserve Fund)

- (A) Senior Bond Proceeds Account
- (B) Senior Debt Service Reserve Credit Facility Account
- (C) Senior District Contribution Account"

(iii) *Amendment of Section 4.4(d)(4).* Section 4.4(d)(4) of the General Resolution is hereby amended in its entirety to read in full as follows:

"(4) To the Senior Parity Debt Service Reserve Fund and each Senior Series Debt Service Reserve Fund, on a pro rata basis as provided in Section 4.7(a), an amount sufficient to cause the amount on deposit in the Senior Parity Debt Service Reserve Fund and each Senior Series Debt Service Reserve Fund to equal the applicable Senior Debt Service Reserve Fund Requirement."

(iv) *Amendment of Section 4.5(f) of the General Resolution.* Section 4.5(f)(1)(K) of the General Resolution is hereby amended in its entirety to read in full as follows:

"(K) the Senior Parity Debt Service Reserve Fund in the case of Senior Bonds secured by the Senior Parity Debt Service Reserve Fund and each Senior Series Debt Service Reserve Fund in the case of Senior Bonds secured by such Senior Series Debt Service Reserve Fund; and"

(v) *Amendment of Section 4.7 of the General Resolution.* Section 4.7 of the General Resolution is hereby amended in its entirety to read in full as follows:

"Section 4.7 Senior Debt Service Reserve Fund.

(a) For any Senior Bonds to be secured by the Senior Parity Debt Service Reserve Fund, an initial deposit to the credit of the Senior Parity Debt Service Reserve Fund is required to be made by the Trustee from the proceeds of such series of Senior Bonds in an amount to satisfy the Senior Debt Service Reserve Requirement for the Senior Parity Debt Service Reserve Fund or, in lieu

thereof, the District may cause a Debt Service Reserve Fund Credit Facility to be delivered to the Trustee for such purpose. Thereafter, the Senior Parity Debt Service Reserve Fund shall be maintained at the Senior Debt Service Reserve Fund Requirement for the Senior Parity Debt Service Reserve Fund. With respect to any Senior Bonds to be secured by a Senior Series Debt Service Reserve Fund, an initial deposit to the credit of the applicable Senior Series Debt Service Reserve Fund is to be made by the Trustee from the proceeds of such series of Senior Bonds in an amount sufficient to satisfy the Senior Debt Service Reserve Fund Requirement for such series of Senior Bonds or, in lieu thereof, the District may, except as otherwise provided in a Series Resolution, cause a Debt Service Reserve Fund Credit Facility to be delivered to the Trustee for such purpose. Thereafter, each Senior Series Debt Service Reserve Fund shall be maintained at the applicable Senior Debt Service Reserve Fund Requirement for such series of Senior Bonds, if any. If on any Payment Date the amount then on deposit in the Senior Parity Debt Service Reserve Fund or any Senior Series Debt Service Reserve Fund is less than the applicable Senior Debt Service Reserve Fund Requirement for such account or accounts, the Trustee shall promptly notify the District of such fact and thereafter withdraw from other Funds and Accounts, in the following order, and transfer to the Senior Parity Debt Service Reserve Fund or the applicable Senior Series Debt Service Reserve Fund an amount equal to the deficiency:

- (1) the Restricted Tax Revenues Account;
- (2) the General Account;
- (3) the Unrestricted Tax Revenues Account;
- (4) the Special Redemption Fund (other than amounts held therein to pay or redeem Bonds for which notice of redemption has theretofore been given and amounts held therein to defease Outstanding Bonds pursuant to Article Eight hereof);
- (5) the Junior Bond Expense Account;
- (6) the Junior Principal Account;
- (7) the Junior Interest Account; and
- (8) the Project Fund (to the extent such application is permitted by the Series Resolution governing the same).

In the event that the amounts available from withdrawals and transfers described above are insufficient, the amount available shall be applied pro rata based on the deficiency in the Senior Parity Debt Service Reserve Fund and each Senior Series Debt Service Reserve Fund.

In addition to the withdrawals and transfers described above, the District shall have the option but not the obligation to direct the Trustee to transfer moneys from the Operating Fund to the Senior Debt Service Reserve Fund. The Senior Parity Debt Service Reserve Fund and any Senior Series Debt Service Reserve Fund shall be replenished to their applicable Senior Debt Service Reserve Fund Requirement prior to any transfers pursuant to Section 4.8(a) hereof.

(b) If on any Interest Payment Date there are not sufficient amounts on deposit in the Senior Interest Account to pay the total amount of interest coming due on any Senior Bonds entitled to the benefit and security of the Senior Parity Debt Service Reserve Fund or a Senior Series Debt Service Reserve Fund, as applicable, on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Senior Principal Account to pay the total amount of principal coming due on any Senior Bonds entitled to the benefit and security of the Senior Parity Debt Service Reserve Fund or a Senior Series Debt Service Reserve Fund, as applicable, on such Principal Payment Date, and after making the transfers required to be made from other Funds or Accounts as provided in Section 4.5(f)(1) hereof prior to a transfer from the Senior Parity Debt Service Reserve Fund or a Senior Series Debt Service Reserve Fund, as applicable, the Trustee shall transfer sums on deposit in the Senior Parity Debt Service Reserve Fund or a Senior Series Debt Service Reserve Fund as provided in Section 4.5(f)(1) to the Senior Interest Account or Senior Principal Account, as the case may be, in an amount sufficient to make up any such deficiency. At the time of such transfer the Trustee shall notify the District of such transfer. In all such events, the Trustee shall not draw on any applicable Debt Service Reserve Fund Credit Facility until all cash and any investment securities in the Senior Parity Debt Service Reserve Fund or a Senior Series Debt Service Reserve Fund, as applicable, have been liquidated and applied as aforesaid unless all Credit Facility Providers which have provided Debt Service Reserve Fund Credit Facilities with respect to such Senior Debt Service Reserve Fund have consented in writing to a different order of liquidation of investments. In the event that the amounts on deposit in the Senior Parity Debt Service Reserve Fund or Senior Series Debt Service Reserve Funds, as applicable, are invested in one or more investment securities, the Trustee shall comply with written direction (if any) of the District as to any required liquidation sale or other disposition of any investment in connection with the provisions of this Section 4.7. In the event that a portion of the Senior Parity Debt Service Reserve Fund Requirement or portion of a Senior Series Debt Service Reserve Fund Requirement is evidenced or satisfied by a Credit Facility, the Trustee shall comply with any limitations or other requirements in or relating to such Credit Facility or in the related Credit Agreement or Related Agreements.

(c) Except as provided in Section 4.7(d) below, following any transfer required by Section 4.7(b) hereof the Trustee shall withdraw from the Senior Parity Debt Service Reserve Fund or Senior Series Debt Service Reserve Funds, as applicable, and remit to each Credit Facility Provider (other than a Credit Facility Provider which had provided a Debt Service Reserve Fund Credit Facility) any amounts required by an applicable Credit Agreement to be paid to

the Credit Facility Provider under such Credit Agreement; provided, that such remittance shall not exceed the amount then due to the applicable Credit Facility Provider and permitted to be so paid to such Credit Facility Provider pursuant to Sections 4.4(d)(3) and (5) and Section 4.5(d) hereof; and provided, further, that if the amount then on deposit in the Senior Parity Debt Service Reserve Fund or Senior Series Debt Service Reserve Fund, as applicable, is not sufficient to pay when due all amounts then due to all Credit Facility Providers, the Trustee shall pay to each Credit Facility Provider entitled to such payments from the amount available (pro rata according to the amount due to each Credit Facility Provider) of the debt then due until all funds in the Senior Parity Debt Service Reserve Fund or Senior Series Debt Service Reserve Funds, as applicable, are exhausted.

(d) Senior Debt Service Reserve Fund Credit Facility.

(1) To the extent so provided in the applicable Series Resolution, the Trustee shall create a separate Senior Debt Service Reserve Account within the Senior Parity Debt Service Reserve Fund or Senior Series Debt Service Reserve Fund, as applicable, for each Debt Service Reserve Fund Credit Facility.

(2) The Trustee shall deposit in the related Senior Debt Service Reserve Account all amounts drawn under or in connection with a Debt Service Reserve Fund Credit Facility required to pay the principal or redemption price of and interest on, any applicable series of Senior Bonds or a specific portion thereof and shall apply such amounts to the purpose for which they were drawn as provided in Section 4.5(f)(1) hereof and as may be further provided in the related Series Resolution.

(3) If and to the extent that the amount on deposit in the Senior Parity Debt Service Reserve Fund or Senior Series Debt Service Reserve Funds, as applicable, is less than the Senior Parity Debt Service Reserve Fund Requirement or Senior Series Debt Service Reserve Fund Requirement, as applicable, and moneys are transferred to the Senior Parity Debt Service Reserve Fund or Senior Series Debt Service Reserve Funds, as applicable, pursuant to Section 4.4(d)(4) hereof, such moneys shall be applied first to satisfy any obligation of the District with respect to a Credit Agreement or Related Agreements which it relates to a Debt Service Reserve Fund Credit Facility, including interest or expenses relating to any repayment obligation of the District which may arise by reason of a drawing on such Debt Service Reserve Fund Credit Facility.

(4) The provisions of this Section 4.7 are subject in all respects to the terms and conditions of each Debt Service Reserve Fund Credit Facility, Related Document and the related Series Resolution.

(e) All income derived from the investment of amounts on deposit in the Senior Parity Debt Service Reserve Fund and any Account therein or any Senior Series Debt Service Reserve Fund shall be retained therein at all times

when the amount on deposit in the Senior Parity Debt Service Reserve Fund or Senior Series Debt Service Reserve Funds, as applicable, is less than the applicable Senior Debt Service Reserve Fund Requirement, and at all other times shall be transferred to the Senior Interest Account for the applicable series of Senior Bonds and applied as otherwise required by Section 4.5(a) hereof; provided that in all events, all Rebate Amounts allocable to amounts on deposit in a Senior Debt Service Reserve Fund shall be transferred to the Rebate Fund.

(f) No later than thirteen (13) months preceding the final maturity date of each series of Senior Bonds, the District shall elect in writing whether to apply amounts in the Senior Parity Debt Service Reserve Fund or Senior Series Debt Service Reserve Fund, as applicable, to the payment of the amount due on the applicable final maturity date. The amount so applied shall not exceed the lesser of (1) the applicable Senior Debt Service Reserve Fund Requirement or (2) the amount actually on deposit in the Senior Parity Debt Service Reserve Fund or the Senior Series Debt Service Reserve Fund and attributable to that series of Senior Bonds. If the District elects to so apply amounts in the Senior Parity Debt Service Reserve Fund or Senior Series Debt Service Reserve Fund, as applicable, the amount to be so applied shall be transferred, in quarterly installments equal to the Quarterly Requirement, to the related Senior Interest Account and Senior Principal Account and each amount transferred shall be credited against the Quarterly Requirement transferrable from the Revenue Fund to the related Senior Interest Account and Senior Principal Account under Section 4.4 hereof on account of the series of Senior Bonds for which the election is made.

(g) Notwithstanding anything to the contrary contained herein, with respect to each series of Senior Bonds, the Series Resolution shall specify if such Senior Bonds shall be secured by and entitled to the benefit of the Senior Parity Debt Service Reserve Fund, a Senior Series Debt Service Reserve Fund, or no Senior Debt Service Reserve fund. To the extent provided in the applicable Series Resolution, the Trustee shall create an account of the Senior Parity Debt Service Reserve Fund or a Senior Series Debt Service Reserve Fund relating to the series of Senior Bonds authorized by such Series Resolution. No series of Senior Bonds is required to be entitled to the benefit and security of a Senior Debt Service Reserve Fund. Such series of Senior Bonds entitled to the benefit and security of the Senior Parity Debt Service Reserve Fund shall not be entitled to the benefit and security of any Senior Series Debt Service Reserve Fund and any series of Senior Bonds entitled to the benefit and security of a Senior Series Debt Service Reserve Fund shall not be entitled to the Senior Parity Debt Service Reserve Fund or any other Senior Series Debt Service Reserve Fund created for a different series of Senior Bonds."

(vi) *Amendment to Section 9.3 of the General Resolution.* Section 9.3 of the General Resolution is hereby amended in its entirety to read in full as follows:

"The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the General Resolution, the Series Resolutions and the Related Agreements or for the appointment of a receiver or any other proceedings under the General Resolution; *provided* that such direction shall not be otherwise than in accordance with the provisions of law and of the General Resolution. Notwithstanding the foregoing, the Owners of a majority in aggregate principal amount of the Senior Bonds then Outstanding shall have the right to direct the Trustee as provided in this paragraph as to matters pertaining only to the Senior Bonds, and the Owners of a majority in aggregate principal amount of the Junior Bonds then Outstanding shall have the right to direct the Trustee as provided in this paragraph as to matters pertaining only to the Junior Bonds; *provided* that the Owners of Junior Bonds secured by the Section 229.50 Accounts within the Junior Debt Service Reserve Fund may not direct the Trustee to exercise rights relating to any Series Reserve Account, and the Owners of Junior Bonds secured by a Series Reserve Account within the Junior Debt Service Reserve Fund may not direct the Trustee to exercise rights relating to the Series 299.50 Accounts. If any direction of the Bondowners shall relate to or affect the Senior Bonds, then majority in aggregate principal amount of the Senior Bonds then Outstanding shall be required under this paragraph in addition to the requirement of a majority in aggregate principal amount of all Bonds then Outstanding."

(vii) *Amendment of Section 5.3(a) of the General Resolution.* The first paragraph of Section 5.3(a) of the General Resolution is hereby amended in its entirety to read in full as follows:

"(a) Additional Bonds payable from and secured by a lien on the Tax Revenues and the remainder of the Trust Estate on a parity with the Bonds then outstanding (except (i) any Credit Facility which secures only a specific series of Bonds or specific Bonds of a series, (ii) any Senior Debt Service Reserve Fund which secures only a specific series of Senior Bonds or several specific series of Senior Bonds on a parity basis or Senior Bonds which are not secured by a Senior Debt Service Reserve Fund, (iii) any Series Reserve Account within the Junior Debt Service Reserve Fund which secures only a specific series of Junior Bonds and the Section 229.50 Accounts in the Junior Debt Service Reserve Fund which secure Junior Bonds that are not secured by a Series Reserve Account, all to the extent provided in a Series Resolution) may hereafter be issued if and only if:"

Bond Insurer Rights Under Award Certificate

Notwithstanding the provisions of the General Resolution, the Award Certificate provides that the Bond Insurer is granted various rights to direct actions or consent to actions of the District, the Trustee and the Bondowners under the Resolutions. The Award Certificate provides that the Bond Insurer shall be deemed to be the sole Owner of the Series 2016 Bond insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Series 2016 Bonds insured by it are entitled to take pertaining to defaults and remedies and pertaining to the duties and obligations of the Trustee, to include mandamus. These rights are subject to the Bond Insurer not being in default of certain in payment obligations under the Policy.

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APPENDIX C
WISCONSIN CENTER DISTRICT FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

A copy of the District's audited financial statements for the Fiscal Years ending December 31, 2015 and 2014 are included as Appendix C to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by Baker Tilly Virchow Krause, LLP, Milwaukee, Wisconsin (the "**Auditor**"), to the extent and for the periods indicated thereon. The District has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Series 2016 Bonds, the District represents that there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading, other than as described below.

On April 26, 2016, the District issued Junior Dedicated Tax Revenue Bonds, Series 2016A (Taxable) (the "**Facility Loan Bonds**") in the amount of \$5,250,000 for the purposes of financing capital improvements and maintenance needs at the District's existing facilities (but not the Arena). The Facility Loan Bonds matured on April 28, 2016 and were paid using Restricted Tax Revenues as permitted under the General Resolution. The balance as of April 30, 2016 in the Revenue Fund Restricted Tax Revenues Account described in Note 5 of the audited financial statements was \$6,504,068.61.

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WISCONSIN CENTER DISTRICT

Milwaukee, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2015 and 2014

WISCONSIN CENTER DISTRICT

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As of and for the years ended December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wisconsin Center District
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the Wisconsin Center District, Wisconsin as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Wisconsin Center District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Wisconsin Center District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Wisconsin Center District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Wisconsin Center District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wisconsin Center District as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the Wisconsin Center District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of the Wisconsin Center District as of December 31, 2014, were audited by other auditors whose report dated April 22, 2015, expressed an unmodified opinion on those statements.

To the Board of Directors
Wisconsin Center District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2016 on our consideration of the Wisconsin Center District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wisconsin Center District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Brian Tully, CPA". The signature is written in a cursive style with a large, stylized "B" and "T".

Milwaukee, Wisconsin
May 20, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

WISCONSIN CENTER DISTRICT

Management's Discussion and Analysis

Years ended December 31, 2015, 2014 and 2013

(Unaudited)

The Wisconsin Center District (the District) is a political subdivision, unit of local government body corporate and politic, and municipality existing under the laws of the State of Wisconsin. The District is a "local exposition district" created under, and with the taxing powers described in 1993 Wisconsin Act 263. As management, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2015, along with comparative information for 2014 and 2013.

Financial Highlights

Year Ended December 31, 2015

- In June 2012, the GASB issued statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. These standards were implemented January 1, 2015. Therefore, the District has shown a cumulative effect of a change in accounting principle related to the implementation.
- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at December 31, 2015 by \$41,863,025 (net position-deficit). Of this amount, \$16,045,323 is restricted for debt service and \$(14,062,092) is associated with net investment in capital assets. This leaves a deficit of \$43,846,256 for unrestricted net position.
- The District's December 31, 2015 total net position of \$(41,863,025) reflected an increase of \$1,987,626 from December 31, 2014 balance of \$(43,850,651).

Year Ended December 31, 2014

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at December 31, 2014 by \$43,850,651 (net position-deficit). Of this amount, \$15,005,101 is restricted for debt service and \$(14,040,261) is associated with net investment in capital assets. This leaves a deficit of \$44,815,491 for unrestricted net position.
- The District's December 31, 2014 total net position of \$(43,850,651) reflected an increase of \$1,426,606 from December 31, 2013 balance of \$(45,277,257).

Year Ended December 31, 2013

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at December 31, 2013 by \$45,277,257 (net position-deficit). Of this amount, \$10,259,828 is restricted for debt service and \$(9,500,553) is associated with net investment in capital assets. This leaves a deficit of \$46,036,532 for unrestricted net position.
- The District's December 31, 2013 total net position of \$(45,277,257) reflected an increase of \$860,798 from December 31, 2012 balance of \$(46,138,055).

Overview of the Financial Statements

The District follows enterprise fund reporting; accordingly the financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. Financial statements offer short and long-term financial information about the activities and operations of the District. These statements are presented in a manner similar to a private business.

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise four components: 1) statements of net position, 2) statements of revenues, expenses, and changes in net position, 3) statements of cash flows and 4) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

The statements of net position present information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Additionally, unrestricted net position represents amounts available for spending at the District's discretion. Such information may be useful in evaluating near-term financing requirements.

The statements of revenues, expenses, and changes in net position present information showing how the net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected space and equipment rental revenues, labor service revenues).

The statements of cash flows, using the direct method, presents information on the District's decrease in cash resulting from operating activities, non-capital financing activities, capital and related financing activities and investing activities.

The statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows can be found on pages 10 – 14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the District's financial statements. The notes to the financial statements can be found on pages 15 – 41 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the District, assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by \$41,863,025 at the close of the most recent fiscal year. The table below presents a comparison of net position fiscal year ended December 31, 2015, along with comparative information for 2014 and 2013.

Condensed Statement of Net Position

	2015	2014	2013
Assets			
Current and other assets	\$ 10,990,961	\$ 9,438,524	\$ 7,345,572
Noncurrent assets	178,565,253	183,828,646	187,229,737
Total Assets	189,556,214	193,267,170	194,575,309
 Deferred Outflows of Resources	 4,077,174	 3,594,581	 -
Liabilities			
Current liabilities	17,473,073	16,599,379	14,958,602
Long-term liabilities	215,556,825	222,713,761	224,893,964
Total Liabilities	233,029,898	239,313,140	239,852,566
 Deferred Inflows of Resources	 2,466,515	 1,399,262	 -
Net Position			
Net investment in capital assets	(14,062,092)	(14,040,261)	(9,500,553)
Restricted	16,045,323	15,005,101	10,259,828
Unrestricted	(43,846,256)	(44,815,491)	(46,036,532)
Total Net Position (Deficiency)	\$ (41,863,025)	\$ (43,850,651)	\$ (45,277,257)

A significant portion of the District's net position is the net investment in capital assets, which as of year ended was (\$14,062,092) ((\$14,040,261) and (\$9,500,553) at December 31, 2014 and 2013 respectively) is reflected in its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses those capital assets to provide services; consequently, those assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.

In addition, \$16,045,323 of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position. This unrestricted net position balance is a deficit of \$43,863,025 (\$43,850,651 and \$45,277,257 at December 31, 2014 and 2013 respectively). The deficit in unrestricted net position can be broken down into two components. The first component is an accumulation of interest costs on capital appreciation bonds, approximately \$50,597,000 (\$50,912,000 and \$50,797,000 at December 31, 2014 and 2013 respectively). The second component is the accumulation of surpluses and deficits, excluding interest expense on capital appreciation bonds, since the creation of the District, approximately (\$6,843,000) in net deficit (\$7,061,000 and \$4,762,000 at December 31, 2014 and 2013 respectively).

Changes in Net Position

	2015	2014	2013
Operating Revenues			
Rental and labor service revenues	\$ 4,519,258	\$ 5,868,998	\$ 5,307,492
Other	5,464,723	7,234,695	6,671,882
Total Operating Revenues	9,983,981	13,103,693	11,979,374
Operating Expenses			
Allocated operating expenses	6,843,365	7,590,005	7,909,453
Unallocated operating expenses	12,773,590	14,073,826	11,363,444
Depreciation and amortization	8,271,670	7,974,633	7,790,624
Total Operating Expenses	27,888,625	29,638,464	27,063,521
Nonoperating Income (Expenses)			
Net tax revenue	31,782,062	29,807,735	27,984,698
Bond amortization and interest expense	(13,294,370)	(12,807,178)	(13,011,581)
Other	938,682	960,820	971,828
Net Nonoperating Income (Expense)	19,426,374	17,961,377	15,944,945
Increase (decrease) in net position	1,521,730	1,426,606	860,798
Cumulative effect of a change in accounting principle	465,896	-	-
Net Position - Beginning of Year	(43,850,651)	(45,277,257)	(46,138,055)
Net Position - End of Year	\$ (41,863,025)	\$ (43,850,651)	\$ (45,277,257)

Year Ended December 31, 2015

The 2015 total operating revenues of \$9,983,981 reflects a decrease of \$3,119,712 (or 23.8%) when compared to the prior year total amount of \$13,103,693. This decrease in revenue is primarily attributable to national convention space rentals and food functions.

The 2015 total operating expenses of \$27,779,467 reflects a decrease of \$1,858,997 (or 6.3%) when compared to the prior year amount of \$29,638,464. This decrease is primarily attributable to decreased business activity.

The 2015 net non-operating income of \$19,426,374 reflects an increase of \$1,464,997 (or 8.2%) when compared to the prior year amount of \$17,961,377. This change is primarily attributable to increased net tax revenues.

Year Ended December 31, 2014

The 2014 total operating revenues of \$13,103,693 reflects an increase of \$1,124,319 (or 9.4%) when compared to the prior year total amount of \$11,979,374. This increase in revenue is primarily attributable to growth in space rentals and food functions within conventions.

The 2014 total operating expenses of \$29,638,464 reflects an increase of \$2,574,943 (or 9.5%) when compared to the prior year amount of \$27,063,521. This increase is primarily attributable to increased business activity and higher funding of Visit Milwaukee.

The 2014 net non-operating income of \$17,961,377 reflects an increase of \$2,016,432 (or 12.6%) when compared to the prior year amount of \$15,944,945. This change is primarily attributable to increased net tax revenues.

Year Ended December 31, 2013

The 2013 total operating revenues of \$11,979,374 reflects a decrease of \$127,805 (or 1.0%) when compared to the prior year total amount of \$12,107,179. This reduction in revenue is primarily attributable to declines in food functions within conventions and the loss of naming rights.

The 2013 total operating expenses of \$27,063,521 reflects a decrease of \$345,126 (or 1.3%) when compared to the prior year amount of \$27,408,647. This decrease is primarily attributable to a decrease in the benefit costs for the District.

The 2013 net non-operating income of \$15,944,945 reflects an increase of \$1,032,207 (or 6.9%) when compared to the prior year amount of \$14,912,738. This change is primarily attributable to increased net tax revenues.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets as of December 31, 2015, amounts to \$142,498,492 (net of accumulated depreciation). At the end of 2014 and 2013, the investment was \$149,376,698 and \$153,161,331 respectively. Capital assets include land, buildings, improvements, and machinery and equipment. The total decrease in the District's capital assets from 2014 to 2015 was \$6,878,205 (or 4.6%). The total decrease in the District's capital assets from 2013 to 2014 was \$4,784,634 (or 2.5%). These decreases were a result of the District recording depreciation on its capital assets.

A summary of capital Assets as of December 31, 2015 and the two prior years is as follows:

	2015	2014	2013
Land	\$ 22,958,953	\$ 22,958,953	\$ 22,958,953
Buildings and improvements, net	114,891,875	121,338,851	126,641,135
Machinery and equipment, net	4,647,664	5,078,894	3,561,243
Total	<u>\$ 142,498,492</u>	<u>\$ 149,376,698</u>	<u>\$ 153,161,331</u>

Additional information on the District's capital assets can be found in note 6 on pages 26 – 27 of this report.

Long-term debt. At December 31, 2015, the District had total bonded debt outstanding of \$175,714,041 (net of unamortized bond premiums, discounts, and losses on refunding), of which \$7,132,944 is current. At the end of 2014, the District had total bonded debt outstanding of \$178,474,944, of which \$6,364,232 was current. At the end of 2013, the District had total bonded debt outstanding of \$184,114,406, of which \$5,639,462 was current. This debt represents bonds secured by specified future tax collections of the District. In addition, the District had \$50,597,707 in accrued interest at December 31, 2015 (\$50,912,046 and \$50,859,185 at December 31, 2014 and 2013 respectively) related to the capital appreciation bonds.

	2015	2014	2013
Long-Term Debt			
Bonded debt outstanding	\$ 175,714,041	\$ 182,637,767	\$ 184,114,406
Accrued interest	50,597,706	50,697,780	50,859,185
Total	<u>226,311,747</u>	<u>233,335,547</u>	<u>234,973,591</u>
Current Portion of Long-Term Debt			
Bonded debt	7,132,944	(6,364,232)	(5,639,462)
Accrued interest	(5,393,660)	(4,930,768)	(4,790,538)
Total	<u>1,739,284</u>	<u>(11,295,000)</u>	<u>(10,430,000)</u>
Long-Term Portion	<u>\$ 228,051,031</u>	<u>\$ 222,040,547</u>	<u>\$ 224,543,591</u>

Additional information on the District's long-term debt can be found in note 9 on pages 28 – 32 of this report.

Subsequent Event

In August 2015, the Governor of Wisconsin signed into law legislation that will enable the construction of a new entertainment arena in downtown Milwaukee. The Wisconsin Center District's taxing authority will be partially utilized to pay for the construction of the building, and the District will ultimately be the owner of the venue. The financing for the construction will be finalized in 2016.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Wisconsin Center District, 400 West Wisconsin Avenue, Milwaukee, WI 53203.

BASIC FINANCIAL STATEMENTS

WISCONSIN CENTER DISTRICT
STATEMENTS OF NET POSITION
As of December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 4,235,782	\$ 3,793,736
Accounts receivable, less allowance for doubtful accounts of \$37,862 in 2015 and \$16,259 in 2014	1,436,758	793,955
Tax revenues receivable	4,959,694	4,764,634
Loans receivable, current portion	-	35,379
Prepaid expenses and other current assets	358,727	50,820
Total current assets	<u>10,990,961</u>	<u>9,438,524</u>
Noncurrent assets		
Restricted cash and cash equivalents	34,606,200	32,551,283
Restricted interest receivable	380,172	380,172
Prepaid insurance	1,080,389	1,169,946
Loans receivable, less current portion	-	350,548
Capital assets		
Non-depreciable	22,958,953	22,958,953
Depreciable	119,539,539	126,417,744
Total noncurrent assets	<u>178,565,253</u>	<u>183,828,646</u>
Total assets	<u>189,556,214</u>	<u>193,267,170</u>
Deferred outflows of resources		
Deferred charges on refunding	3,115,674	3,594,581
Deferred outflows of resources related to pensions	961,500	-
Total deferred outflows of resources	<u>4,077,174</u>	<u>3,594,581</u>
Liabilities and Deferred Inflows of Resources		
Current liabilities		
Accounts payable	529,902	1,294,238
Accrued expenses	3,688,920	3,143,770
Concession improvement deposits	325,000	455,001
Obligation under capital lease, current portion	402,647	411,370
Current installments of accrued interest	5,393,660	4,930,768
Current installments of bonds payable	7,132,944	6,364,232
Total current liabilities	<u>17,473,073</u>	<u>16,599,379</u>
Long-term liabilities		
Net pension liability	534,000	-
Other postemployment benefits	130,624	-
Obligation under capital lease, less current portion	1,107,058	1,509,890
Accrued interest expense, less current portion	45,204,046	45,592,581
Bonds payable, net, less current portion	168,581,097	175,611,290
Total long-term liabilities	<u>215,556,825</u>	<u>222,713,761</u>
Total liabilities	<u>233,029,898</u>	<u>239,313,140</u>
Deferred inflows of resources		
Unearned revenue	2,466,515	1,399,262
Total deferred inflows of resources	<u>2,466,515</u>	<u>1,399,262</u>
Net Position (Deficiency)		
Net investment in capital assets	(14,062,092)	(14,040,261)
Restricted for debt service	16,045,323	15,005,101
Unrestricted (deficit)	<u>(43,846,256)</u>	<u>(44,815,491)</u>
Total net position (deficiency)	<u>\$ (41,863,025)</u>	<u>\$ (43,850,651)</u>

WISCONSIN CENTER DISTRICT
STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue		
Space rentals	\$ 2,887,986	\$ 3,683,379
Equipment rentals	867,796	1,142,592
Commission on concession sales	1,962,139	3,248,541
Labor service revenue	763,476	1,043,027
Advertising revenue	981,808	1,158,700
Information technology revenue	666,235	763,540
Box office revenue	367,968	552,824
Parking revenue	549,826	711,708
Other	<u>936,747</u>	<u>799,382</u>
Total operating revenue	<u>9,983,981</u>	<u>13,103,693</u>
Operating expenses		
Allocated expenses		
Wages	3,046,565	3,356,913
Utilities	2,033,716	1,991,726
Building maintenance and repairs	1,127,857	1,255,570
Ticket expenses	39,202	89,409
Other	<u>596,025</u>	<u>896,387</u>
Total allocated operating expenses	<u>6,843,365</u>	<u>7,590,005</u>
Unallocated expenses		
Administrative salaries and wages	2,148,987	2,183,456
Employee benefits	2,149,528	2,097,191
Advertising and promotion	7,131,679	8,467,805
Legal services	58,238	48,201
Insurance	615,530	579,731
Professional services	71,577	98,619
Depreciation	8,271,670	7,974,633
Other	<u>598,051</u>	<u>598,823</u>
Total unallocated operating expenses	<u>21,045,260</u>	<u>22,048,459</u>
Total operating expenses	<u>27,888,625</u>	<u>29,638,464</u>
Operating loss	<u>\$ (17,904,644)</u>	<u>\$ (16,534,771)</u>

See accompanying notes to the financial statements.

WISCONSIN CENTER DISTRICT
STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Nonoperating income (expense)		
Tax revenue		
Additional room tax revenue	\$ 13,240,998	\$ 12,344,694
Basic room tax revenue	6,075,991	5,643,579
Food and beverage tax revenue	10,653,854	10,004,052
Rental car tax revenue	2,642,869	2,595,397
	<u>32,613,712</u>	<u>30,587,722</u>
State of Wisconsin administrative fee	(831,650)	(779,987)
Net tax revenue	<u>31,782,062</u>	<u>29,807,735</u>
Other income	938,682	960,820
Bond amortization and interest expense	<u>(13,294,370)</u>	<u>(12,807,178)</u>
Total nonoperating income	<u>19,426,374</u>	<u>17,961,377</u>
Change in net position	1,521,730	1,426,606
Net position (deficiency), beginning of year	(43,850,651)	(45,277,257)
Cumulative effect of a change in accounting principle	<u>465,896</u>	<u>-</u>
Net position (deficiency), end of year	<u>\$ (41,863,025)</u>	<u>\$ (43,850,651)</u>

See accompanying notes to the financial statements.

WISCONSIN CENTER DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Receipts from customers	\$ 9,146,118	\$ 13,077,507
Payments to suppliers	(11,801,852)	(14,072,409)
Payments to employees	(7,235,922)	(6,282,952)
Net cash flows from operating activities	<u>(9,891,656)</u>	<u>(7,277,854)</u>
Cash flows from noncapital financing activities		
Receipts from additional room tax	13,240,998	11,836,500
Payment of tax collection administrative fee	(831,650)	(779,987)
Net cash flows from noncapital financing activities	<u>12,409,348</u>	<u>11,056,513</u>
Cash flows from capital and related financing activities		
Receipts from basic room tax	6,075,990	5,643,580
Receipts from food and beverage tax	10,653,854	10,004,052
Receipts from rental car tax	2,642,869	2,595,398
Principal payment on bonds payable	(6,504,462)	(2,609,462)
Interest paid on bonds payable	(12,408,571)	(15,562,479)
Payment on capital lease agreement	(411,554)	1,294,521
Capital assets purchased	(1,393,464)	(4,190,000)
Net cash flows from capital and related financing activities	<u>(1,345,338)</u>	<u>(2,824,390)</u>
Cash flows from investing activities		
Interest income	938,682	960,820
Payments received on loans receivable	385,927	33,556
Net cash flows from investing activities	<u>1,324,609</u>	<u>994,376</u>
Net change in cash and cash equivalents	2,496,963	1,948,645
Cash and cash equivalents, beginning of year	<u>36,345,019</u>	<u>34,396,374</u>
Cash and cash equivalents, end of year	<u>\$ 38,841,982</u>	<u>\$ 36,345,019</u>

WISCONSIN CENTER DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (17,904,644)	\$ (16,534,771)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization	8,271,670	7,974,633
Change in operating assets and liabilities		
Accounts receivable	(837,862)	(671,016)
Prepaid expenses and other assets	(307,907)	(8,200)
Accounts payable and other liabilities	(88,562)	2,091,500
Concession improvement deposits	937,253	(130,000)
Pension related deferrals and liabilities	<u>38,396</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ (9,891,656)</u>	<u>\$ (7,277,854)</u>
Reconciliation of cash and cash equivalents to the statement of net position		
Unrestricted cash and cash equivalents	\$ 4,235,782	\$ 3,793,736
Restricted cash and cash equivalents	<u>34,606,200</u>	<u>32,551,283</u>
Cash and cash equivalents, end of year	<u>\$ 38,841,982</u>	<u>\$ 36,345,019</u>
Noncash investing, capital and financing activities		
Acquisition of assets through capital lease	<u>\$ -</u>	<u>\$ 1,581,953</u>

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wisconsin Center District (the District) is a political subdivision, unit of local government body corporate and politic, municipality existing under the laws of the State of Wisconsin. The District is a "local exposition district" created under, and with the taxing powers described in 1993 Wisconsin Act 263. The District is a separate unit of government, distinct from the City and County of Milwaukee and from the State of Wisconsin. The District's geographical boundaries include Milwaukee County and portions of some cities and villages that are not within Milwaukee County. The District was created to assume ownership of certain existing convention facilities and to construct an expansion of such facilities.

On July 31, 1995, the City of Milwaukee and the Milwaukee Exposition and Convention Center and Arena (MECCA) transferred all real and personal property of MECCA (net assets totaling \$17,441,794) to the District. The District accepted operating responsibility and assignment of all contracts in effect with respect to the MECCA property including an agreement to fund the operations of the Greater Milwaukee Convention and Visitors Bureau, now known as Visit Milwaukee, which shares responsibility for marketing the District's facilities.

The facilities conveyed to the District were located at and around 500 West Kilbourn Avenue in downtown Milwaukee and included three distinct facilities for public gatherings, private meetings, conventions, trade shows, and other expositions: (1) the Milwaukee Auditorium (now known as the Milwaukee Theatre), originally constructed in 1908 with approximately 38,000 square feet of space used for performing arts presentations, (2) an 11,000-12,000 seat arena now known as the UW-Milwaukee Panther Arena (the Arena), constructed in 1952 with approximately 44,000 square feet of flat surface space used primarily for sporting events and concerts, and (3) a convention center (the Convention Hall), built in 1974 with approximately 350,000 gross square feet of space, including meeting rooms, three large exhibit halls, and a ballroom.

In 1999, the District constructed a convention center, now known as the Wisconsin Center, to significantly enhance the economies of the City of Milwaukee, Milwaukee County, and the State of Wisconsin, and allow the District to compete effectively with other regional, national, and international convention facilities for convention and business meetings by providing more and higher quality space and upgraded convention center amenities.

Reporting Entity

The accounting policies of the Wisconsin Center District, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criteria.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District is presented as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

GASB issued Statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68, in June 2012 and November 2013, respectively. These statements establish accounting and financial reporting standards for the accounting and reporting to the District's cost-sharing multiple employer pension plan. This statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employer. The District adopted these statements effective January 1, 2015. The cumulative impact of implementation is shown in Note 11.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

For purposes of the statement of cash flows, the District considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of the District funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics District, or the Wisconsin Aerospace District.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

The District has not adopted a formal investment policy as of December 31, 2015.

Receivables

Receivables represent amounts due from tax collections and other organizations. Receivables are stated at their estimated net realizable value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. Prepaid insurance is the surety bond insurance.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

The revenue bonds also require redemption accounts. These accounts are set aside for payment of principal and interest due on revenue bonds. .

Capital Assets

Capital assets, which include property, buildings, and equipment, along with related improvements, are reported in the Statement of Net Position. Capital assets are assets with an initial cost of more than \$500, and an estimated useful life in excess of two year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

	<u>Building</u>	<u>Improvements</u>	<u>Furniture, Machinery, and Equipment</u>
Wisconsin Center	50 years	10-20 years	5-20 years
Milwaukee Theatre	20 years	8-20 years	5-20 years
UW-Milwaukee Panther Arena	50 years	5-22 years	5-20 years

The District's policy is to capitalize interest incurred on bond obligations relating to construction in progress during the course of the project. There was no interest capitalized in 2015 and 2014.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Milwaukee Employees' Retirement System (ERS) and additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

Long-Term Obligations

Long-term debt and other obligations are reported as District liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Unearned Revenue

Unearned revenue represents advertising and naming rights revenue received prior to being earned. The revenue is recognized as earned over the period of the respective contract.

Net Position

Net Investment in Capital Assets – Consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted net position – Consists of net position with constraints placed on their use by either 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position (continued)

Unrestricted net position – Consists of all other net positions that do not meet the definitions of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources when they are needed.

Classification of Revenue

The District has classified its revenues as either operating or nonoperating. Operating revenue includes activities that have the characteristics of exchange transactions. Nonoperating revenues include interest income on investments and activities that have characteristics of non-exchange transactions including federal, state, and local grants and tax revenues.

Operating Expenses

The District reports operating expenses as allocated and unallocated. Expenses reported as allocated are specific costs allocated to events. The District has not allocated employee benefits, but rather reports all benefit costs as unallocated.

Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 72, Fair Value Measurement and Application
- Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68
- Statements No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
- Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
- Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Government
- Statement No. 77, Tax Abatement Disclosures
- Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans

When they become effective, application of these standards may restate portions of these financial statements.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 2 - MARKETING AND PROMOTIONAL AGREEMENT

The District has an agreement with Visit Milwaukee through 2015 which provided that the District would fund Visit Milwaukee at 50% exchange for advertising and promotion services directly benefiting the District.

The District paid \$7,039,365 and \$8,257,673 to Visit Milwaukee related to this agreement in 2015 and 2014, respectively.

NOTE 3 - TAX REVENUE

Pursuant to its limited taxing authority, the District is authorized to impose the following taxes:

Basic Room Tax

The District imposes the Basic Room Tax at the rate of 2.5 % on the gross receipts derived from the rental of rooms and lodging to transients by hotelkeepers, motel operators, and other persons furnishing accommodations available to the public. The Basic Room Tax is imposed on all such lodging within Milwaukee County. Under the Authorizing Legislation, the District Board adopted a resolution providing that if the balance for the Junior Debt Service Reserve Fund is less than the applicable special debt service reserve fund requirement, the Basic Room Tax will become 3% as of the succeeding January 1, April 1, July 1, or October 1 and such tax rate is irrevocable if any bonds issued by the District and secured by a special debt service reserve fund are outstanding.

The District may impose the Basic Room Tax at a rate not to exceed 3% by a vote of a majority of the District Board.

Additional Room Tax

The District imposes the Additional Room Tax at the rate of 7% on the gross receipts derived from the rental of rooms and lodging to transients by hotelkeepers, motel operators, and other persons furnishing accommodations available to the public. The tax is imposed on all such lodging within the City of Milwaukee. Under the Authorizing Legislation, the District has no authority to increase the 7% Additional Room Tax rate.

Local Food and Beverage Tax

The District imposes the Local Food and Beverage Tax at the rate of 0.50% on the gross receipts derived from the sales of food and beverages that are subject to the Wisconsin sales or use tax. The tax is imposed on all such sales within Milwaukee County. Under the Authorizing Legislation, the District may not increase the rate of the Local Food and Beverage Tax beyond 0.50%.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 3 - TAX REVENUE (continued)

Local Rental Car Tax

The District imposes the Local Rental Car Tax at the rate of 3% on the gross receipts derived from the rental (for a period of 30 days or less) on motor vehicles designed and used primarily for carrying persons, by establishments engaged in business within Milwaukee County which are primarily engaged in the short-term rental of passenger cars without drivers.

Under the Authorizing Legislation, the maximum rate for the Local Rental Car Tax is 4%. The tax rate can increase to 4% only if the State of Wisconsin makes a payment to restore the District's Junior Debt Service Reserve Fund under Section 229.50(7) of the Wisconsin Statute and the District Board then votes to increase such tax rate.

These District taxes are imposed on a seller's taxable receipts. Each of the District's taxes are collected, administered, and enforced for the District by the Wisconsin Department of Revenue (the Department). Each taxpayer is required to report its liability for District taxes to the Department, and remit the full amount of such taxes, on or before the last day of the month following the end of such taxpayer's reporting period. The Department is required to remit to the District the tax amounts collected, less a 2.55% statutory deduction which is retained by the Department to cover its administrative expenses. The District has entered into an agreement with the Department under which the Department will remit the net amounts collected, less the statutory deduction, by the 20th of each month.

All tax proceeds, except the Additional Room Tax, are restricted for the District's debt service on its bond obligations. The proceeds of the Additional Room Tax may be used for any lawful purpose of the District once sufficient restricted tax revenues are available on deposit to year debt obligations.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits and investments are presented in the financial statements as follows:

	<u>2015</u>	<u>2014</u>
Deposits	\$ 21,189,794	\$ 18,283,618
Guaranteed Investment Contract	17,647,488	18,056,701
Petty cash	<u>4,700</u>	<u>4,700</u>
Totals	<u>\$ 38,841,982</u>	<u>\$ 36,345,019</u>
Unrestricted	4,235,782	3,793,736
Restricted	<u>34,606,200</u>	<u>32,551,283</u>
Totals	<u>\$ 38,841,982</u>	<u>\$ 36,345,019</u>

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Deposits in each local area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District.

As of December 31, 2015, \$21,332,888 of the District's total bank balances of \$21,582,888 was exposed to custodial credit risk as uninsured and uncollateralized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a district's investment in a single issuer. At December 31, 2015, the investment portfolio was 100% concentrated in guaranteed investment contracts.

Credit Risk

Credit risk is the risk that, an issuer or other counterparty to an investment will not fulfill its obligations to the District. The District does not have a formal policy addressing this type of investment risk.

The District invests in guaranteed investment contracts (GIC); these types of investments are not rated. As of December 31, 2015 and 2014, the District had \$17,647,488 and \$18,056,701, respectively, in these types of investments.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 5 - RESTRICTED ASSETS

Restricted assets consist of deposit and guaranteed investment contracts and are summarized as follows:

	2015	2014
Project Fund Construction Account	\$ 708	\$ 708
Junior Debt Service Reserve Fund	15,047,488	15,047,488
Revenue Fund Restricted Tax Revenues Account	9,662,029	9,389,255
Senior Principal Account	1,105,071	1,242,165
Surplus Account - Bonds	-	52
Bonds 1999 Interest Account	2,212,065	1,333,810
Principal Account - B Bonds	-	33
2013A Reserve Account	3,040,147	3,011,761
2013A Cost of Issuance Account	26,011	26,011
Bonds Capital Maintenance	1,012,681	-
Operating Reserve	2,500,000	2,500,000
	<u>\$ 34,606,200</u>	<u>\$ 32,551,283</u>

Pursuant to the terms of the General Resolution for the 1996 Series A and Series B bonds, the District maintains the required trust funds, which are held and administered by the bond trustee. The District's management assures the District is in compliance with the terms of the General Resolution.

Project Fund Construction Account

The trustee disburses funds from the account upon receipt of a requisition or certificate of a District representative specifying that the amount requisitioned will be applied to pay or reimburse the District for payment and cost of the Project costs financed from the proceeds of the applicable series of Bonds.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 5 - RESTRICTED ASSETS (continued)

Junior Debt Service Reserve Fund

An initial deposit to the Junior Debt Service Reserve Fund was made by the bond trustee from the proceeds of each series of Junior Bonds in an amount sufficient to satisfy the Junior Debt Service Reserve Fund requirement. If on any payment date the amount on deposit in the Junior Debt Service Reserve Fund is less than the requirement, the bond trustee is to promptly notify the District and withdraw from other funds in the following order: (a) the Revenue Fund Restricted Tax Revenues Account; (b) the Revenue Fund Unrestricted Tax Revenues the amount of the deficiency.

Revenue Fund Restricted Tax Revenues Account

All tax revenue restricted for the District's debt service on bond obligations are deposited into this account, including the Basic Room Tax, Local Food and Beverage Tax, and Local Rental Car Tax.

Senior Principal Account

Amounts deposited into the Principal Account are for making principal payments on the Series 1996A Senior Dedicated Tax Revenue Bonds. The account is funded by transfer from the Revenue Fund Restricted Tax Revenue Account.

Junior Interest Account

A semi-annual transfer is made from the Revenue Fund Restricted Tax Revenues Account into this account for the semi-annual interest payment on the Junior Bonds. Interest income derived from the investment of amounts on deposit in this account remain in the account and are credited against the amount next due to be transferred from the Revenue Fund. On each interest payment date, the trustee withdraws from this account an amount sufficient to pay the interest coming due on the Junior Bonds.

Capital Maintenance

This account was established to fund capital maintenance requirements.

Operating Reserve Account

This account was established and required by the 1996 bond issuance.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2015 and 2014

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Capital assets not being depreciated				
Land	\$ 22,958,953	\$ -	\$ -	\$ 22,958,953
Capital assets being depreciated				
Buildings and improvements	235,322,633	851,083	-	236,173,716
Furniture, machinery, and equipment	11,346,494	542,381	-	11,888,875
Total capital assets being depreciated	246,669,127	1,393,464	-	248,062,591
Less accumulated depreciation for:				
Buildings and improvements	113,983,782	7,292,880	-	121,276,662
Furniture, machinery, and equipment	6,267,600	978,790	-	7,246,390
Total accumulated depreciation	120,251,382	8,271,670	-	128,523,052
Total capital assets being depreciated, net	126,417,745	(6,878,206)	-	119,539,539
Total capital assets, net	\$ 149,376,698	\$ (6,878,206)	\$ -	\$ 142,498,492

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2015 and 2014

NOTE 6 - CAPITAL ASSETS (continued)

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Capital assets not being depreciated:				
Land	\$ 22,958,953	\$ -	\$ -	\$ 22,958,953
Capital assets being depreciated:				
Buildings and improvements	233,459,560	1,863,073	-	235,322,633
Furniture, machinery, and equipment	9,019,567	2,326,927	-	11,346,494
Total capital assets being depreciated	242,479,127	4,190,000	-	246,669,127
Less accumulated depreciation for:				
Buildings and improvements	106,818,425	7,165,357	-	113,983,782
Furniture, machinery, and equipment	5,458,324	809,276	-	6,267,600
Total accumulated depreciation	112,276,749	7,974,633	-	120,251,382
Total capital assets being depreciated, net	130,202,378	(3,784,634)	-	126,417,745
Total capital assets, net	\$ 153,161,331	\$ (3,784,634)	\$ -	\$ 149,376,698

NOTE 7 - CONCESSION IMPROVEMENT DEPOSITS

The District renewed a previous contract with Levy effective July 1, 2008 through June 30, 2015. Under this renewed contract, the District pays a flat annual fee of \$165,000 per year. Levy retains a variable incentive fee equal to 2% of gross revenues for the first, second and third contract years, and an amount equal to 3% of gross revenues for the fourth, fifth, sixth and seventh contract years.

Over the period of the contract, Levy made several deposits to the District, totaling \$2,050,000. The unamortized balance of \$1,300,000 is recognized as revenue on a monthly basis over a 120 month amortization period beginning in July 2008. A minimum of \$100,000 of this deposit is to be used to upgrade concession stands. As of December 31, 2015 and 2014, the District has \$325,000 and \$455,000 remaining on deposit, respectively.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 8 - OBLIGATION UNDER CAPITAL LEASE

In 2010, 2011, and 2014, the District acquired capital assets through lease/purchase agreements. The gross amount of these assets under capital leases is \$2,498,871, which are included in capital assets.

The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2015 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>
2016	\$ 447,100
2017	430,205
2018	427,294
2019	<u>255,393</u>
Total minimum lease payments	1,559,992
Less: amount representing interest	<u>(50,287)</u>
Present value of minimum lease payments	<u>\$ 1,509,705</u>

NOTE 9 - LONG-TERM OBLIGATIONS

In February 1996, the District issued \$63,455,548 in Senior Dedicated Tax Revenue Bonds, Series 1996A (1996 Senior Bonds). The bonds are special, limited obligations of the District payable from and secured by a pledge of tax revenues, bond proceeds, and certain of the funds and other monies held under the General Resolution.

The 1996 Senior Bonds are capital appreciation bonds and bear interest compounded semi-annually on each June 15 and December 15 at approximate yields ranging from 3.90% to 5.8%. Installments of the bonds mature on December 15 of each year through 2027. Interest on each installment is payable only at maturity. The bonds are insured by MBIA Insurance Corporation and not subject to optional redemption prior to maturity.

February 1999, the District issued \$125,775,000 in Junior Dedicated Tax Revenue Refunding Bonds, Series 1999 (1999 Junior Bonds). The 1999 Junior Bonds were issued in order to refund the outstanding balance of the 1996 Junior Bonds and also, to pay costs of issuance of the 1999 Junior Bonds. The bonds mature on December 15 of each year commencing 2012 through 2027. The bonds bear interest ranging from 4.25% to 5.25%. Interest on the bonds is payable semi-annually on June 15 and December 15. These bonds are insured by Financial Security Assurance, Inc. and are not subject to redemption prior to the state maturity.

The difference between the reacquisition price on the 1999 Junior Bonds and the net carrying amount of the old debt is reflected as an accounting loss of \$9,460,975, which is recognized as a deferred outflow and amortized on a bonds outstanding method, which approximates an effective interest method, as a component of interest expense through the year 2027. The unamortized balance of the accounting loss was approximately \$2,544,140 and \$2,927,792 at December 31, 2015 and 2014, respectively.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

The Junior Debt Service Reserve Fund, which secures the 1999 Junior Bonds, has been established as a "special debt service reserve fund" under Wisconsin Statutes. The District Board has adopted resolutions which provide that the rates for two of the District taxes (the Basic Room Tax and the Local Food and Beverage Tax) will increase in the event the amount on deposit in the Junior Debt Service Reserve Fund is less than the Junior Debt Service Reserve Fund requirement on any payment date.

In June 2001, the District issued \$30,000,000 in Variable Rate Demand Revenue Bonds, Series 2001A. These bonds were retired as discussed in the following paragraph. The Bonds were special, limited obligations of the District payable from and secured by a pledge of tax revenues and certain of the funds and other monies held under the indenture. The Milwaukee Theatre Renovation Debt Service Reserve Fund, which secures the Series 2001A Bonds, has been established as a "special debt service reserve fund" under Wisconsin Statutes. The bonds were to mature on December 15, 2026.

In March 2013, the District issued \$28,235,000 Junior Dedicated Tax Revenue Refunding Bonds, Series 2013A. The proceeds from the sale of the Series 2013A Junior Bonds were used to refund the District's Variable Rate Demand Revenue Bonds, Series 2001A, to fund a deposit to the Series Reserve Account of the Junior Debt Service Reserve Fund, and to pay costs of issuance. The Series 2013A Junior Bonds are special, limited obligations of the District payable from and secured by a pledge of tax revenues and certain of the funds and other monies held under the indenture. The interest rates are from 3.5%. The bonds mature on December 15, 2032.

In August 2003, the District issued \$7,804,892 in Senior Dedicated Tax Revenue Refunding Bonds, Series 2003A. These bonds are capital appreciation bonds and bear interest compounded semi-annually on each June 15 and December 15 at approximate yields ranging from 5.73% to 5.76%. Installments of the bonds mature on December 15 of 2028 through 2032. Interest on each installment is payable only at maturity. The bonds are insured by Financial Security Assurance, Inc. and are not subject to optional redemption prior to maturity.

The difference between the reacquisition price on the 2003 Refunding Bonds and the net carrying amount of the old debt is reflected as an accounting loss of \$2,145,164, which is recognized as a deferred outflow and amortized on a bonds outstanding method, which approximates an effective interest method, as a component of interest expense through the year 2027. The unamortized balance of the accounting loss was approximately \$571,534 and \$666,789 at December 31, 2015 and 2014, respectively.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2015 and 2014

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

Outstanding long-term debt as of December 31, 2015 and 2014 consist of the following:

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Due within one year
Senior Dedicated Tax Revenue Bonds, Series 1996A	\$ 22,880,282	\$ -	\$ 2,609,462	\$ 20,270,820	\$ 2,312,944
Accrued interest	43,996,341	3,841,457	4,804,520	43,033,278	5,087,056
	<u>66,876,623</u>	<u>3,841,457</u>	<u>7,413,982</u>	<u>63,304,098</u>	<u>7,400,000</u>
Senior Dedicated Tax Revenue Refunding Bonds, Series 2003	7,804,892	-	-	7,804,892	-
Accrued interest	6,701,439	862,989	-	7,564,428	306,604
	<u>14,506,331</u>	<u>862,989</u>	<u>-</u>	<u>15,369,320</u>	<u>306,604</u>
Junior Dedicated Tax Revenue Refunding Bonds, Series 1999	121,020,000	-	3,295,000	117,725,000	4,205,000
Variable Rate Demand Revenue Bonds, Series 2013A	26,910,000	-	600,000	26,310,000	615,000
Premiums	4,022,593	-	419,264	3,603,329	-
Total	<u>\$ 233,335,547</u>	<u>\$ 4,704,446</u>	<u>\$ 11,728,246</u>	<u>\$ 226,311,747</u>	<u>\$ 12,526,604</u>
	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Due within one year
Bonds	\$ 233,335,547	\$ 4,704,446	\$ 11,728,246	\$ 226,311,747	\$ 12,526,604
Financing/Issuance Costs	(836,676)	-	836,676	-	-
Total Long Term Obligations	<u>\$ 232,498,871</u>	<u>\$ 4,704,446</u>	<u>\$ 12,564,922</u>	<u>\$ 226,311,747</u>	<u>\$ 12,526,604</u>

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the years ended December 31, 2015 and 2014

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Due within one year
Senior Dedicated Tax Revenue					
Bonds, Series 1996A	\$ 25,349,514	\$ -	\$ 2,469,232	\$ 22,880,282	\$ 2,469,232
Accrued interest	44,973,201	3,953,908	4,930,768	43,996,341	4,930,768
Subtotal	70,322,715	3,953,908	7,400,000	66,876,623	7,400,000
Senior Dedicated Tax Revenue					
Refunding Bonds, Series 2003	7,804,892	-	-	7,804,892	-
Accrued interest	5,885,984	815,455	-	6,701,439	-
Subtotal	13,690,876	815,455	-	14,506,331	-
Junior Dedicated Tax Revenue					
Refunding Bonds, Series 1999	123,475,000	-	2,455,000	121,020,000	3,295,000
Variable Rate Demand Revenue					
Bonds, Series 2013A	27,485,000	-	575,000	26,910,000	600,000
Premiums	4,452,681	-	430,088	4,022,593	-
Total Bonds	\$ 239,426,272	\$ 4,769,363	\$ 10,860,088	\$ 233,335,547	\$ 11,295,000

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Due within one year
Bonds	\$ 239,426,272	\$ 4,769,363	\$ 10,860,088	\$ 233,335,547	\$ 11,295,000
Financing/Issuance costs	(954,628)	-	117,952	(836,676)	-
Total Long Term Obligations	\$ 238,471,644	\$ 4,769,363	\$ 10,978,040	\$ 232,498,871	\$ 11,295,000

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

Estimated payments of other post-employment benefits are not included in the debt service requirement schedules.

Aggregate maturities for the bonds for years subsequent to December 31, 2015 are as follows:

Year ended December 31,	Principal	Interest	Total
2016	\$ 7,132,944	\$ 12,447,956	\$ 19,580,900
2017	8,027,588	12,334,100	20,361,688
2018	8,976,174	12,183,201	21,159,375
2019	10,037,012	11,968,163	22,005,175
2020	11,226,636	11,667,077	22,893,713
2021-2025	69,332,672	51,426,741	120,759,413
2026-2030	47,012,151	35,514,049	82,526,200
2031-2032	10,365,535	12,337,716	22,703,251
Total	172,110,712	<u>\$ 159,879,003</u>	<u>\$ 331,989,715</u>
Plus: Unamortized premium	3,603,329		
Plus: Accrued interest	50,597,706		
	<u>\$ 226,311,747</u>		

The District has pledged future tax revenues, net of specified operating expenses, to repay revenue bonds issued in 1996 through 2013. Proceeds from the bonds provided financing for the various projects of the District, including the refunding of outstanding debt. The bonds are payable solely from revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require 46% and 44% as of December 31, 2015 and 2014, respectively, of net revenues. The total principal and interest remaining to be paid on the bonds is \$331,989,715 and \$350,836,600 as of December 31, 2015 and 2014, respectively. Principal and interest paid for the current year and total net customer revenues were \$18,846,888 and \$18,128,025 and \$14,925,258 and \$14,233,784 as of December 31, 2015 and 2014, respectively.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 10 –NET POSITION

Net position reported on the statement of net position at December 31, 2015, includes the following:

	<u>2015</u>	<u>2014</u>
Net Investment in Capital Assets		
Land	\$ 22,958,953	\$ 22,958,953
Other capital assets, net of accumulated depreciation	119,539,539	126,417,744
Less: Long-term debt outstanding	<u>(156,560,584)</u>	<u>(163,416,958)</u>
Total Net Investment in Capital Assets	<u>\$ (14,062,092)</u>	<u>\$ (14,040,261)</u>
Restricted for Debt Service	<u>\$ 16,045,323</u>	<u>\$ 15,005,101</u>

NOTE 11 – CUMULATIVE EFFECT OF IMPLEMENTING NEW PENSION STANDARD

Net position has been restated as a result of the implementation of GASB Statement No. 68 - Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 and implementation of GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date. These statements require the net pension asset/(liability) and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

Add: Net pension asset	\$ 96,000
Add: Deferred outflows of resources related to pensions	<u>369,896</u>
Cumulative effect of a change in accounting principle	<u>\$ 465,896</u>

NOTE 12 – EMPLOYEES RETIREMENT SYSTEM

The District implemented GASB No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective January 1, 2015. The cumulative effect of the change in net position due to the change in accounting standard is shown as a change in beginning net position for 2015. The prior year balances for deferred outflows of resources and the net pension liability were not restated due to the measurement date used for the calculation of the balances and the timing of information received by ERS. For this reason, prior year pension footnote disclosures are included under GASB No. 27

Plan Description – The District makes contributions to the Employees' Retirement System of the City of Milwaukee (the "System"), a cost-sharing multiple-employer defined pension plan, on behalf of all eligible City employees. The System provides retirement, disability, and death benefits to plan members and beneficiaries. The City Charter assigns the District to establish and amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 12 - RETIREMENT PLAN (continued)

the Employees' Retirement System of the City of Milwaukee, 789 North Water Street, Suite 300, Milwaukee, WI 53202.

Funding Policy – For general employees participating prior to January 1, 2014, they are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5% of their annual pensionable income, and for general employee, participating on or after January 1, 2014, they are required to contribute 4% of their annual pensionable income. The City Charter assigns the District to establish and amend contribution requirements. The City Charter was amended so that various groups of represented and non-represented City employees hired on or after January 1, 2010 contribute 5.5% of their earnable compensation for pension benefits. The District's contributions to the System for the year ended December 31, 2015, was \$369,896, respectively, equal to the required contributions on behalf of the plan members for each year.

At December 31, 2015, the District reported a liability of \$534,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actual valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions of benefit terms occurred between the actuarial date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was .47025% which was a decrease of .02131% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the District recognized pension expense of \$38,396.

At December 31, 2015, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources
Differences between expected and actual experience	\$ -
Changes in assumptions	-
Net differences between projected and actual earnings on pension plan investments	601,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,000
Employer contributions subsequent to the measurement date	355,500
Total	<u>\$ 961,500</u>

\$355,500 reported as deferred outflows related to pension resulting from the System employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31,	Deferred Outflow of Resources
2016	\$ 151,868
2017	151,868
2018	151,868
2019	150,396
Thereafter	-

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 12 - RETIREMENT PLAN (continued)

Actuarial assumptions. The last actuarial valuation was performed as of January 1, 2014, and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2014, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial valuation date	January 1, 2014
Measurement Date of Net Pension Liability	December 31, 2014
Actuarial cost method	Entry age normal-Level Percentage of Pay
Amortization method	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average of the expected remaining service lives of all members. The differences between projected and actual earning are amortized over a closed period of five years.
Asset Valuation method	Fair Market Value
Actuarial Assumptions:	
Investment rate of return and discount rate	8.25% for calendar years through 2017, and 8.50% beginning with calendar year 2018
Projected Salary increases	General City 3.0%-7.5%
Inflation Assumption	3.00%
Cost of living Adjustments	Vary by Employee Group as explained in summary of plan provisions
Mortality Table	For regular retirees and for survivors, the RP-2000 Combined Mortality Table projected nine years using Scale AA. Future generational rates are projected from 2009 based on Scale AA. For duty and ordinary disability retirees, use the RP-2000 Disability Mortality Table. For death in active service, the rates are similar to those used for regular retirees and survivors with a 6-year setback.
Experience Study	The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007-December 31, 2011.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 12 - RETIREMENT PLAN (continued)

Long-term expected rate of return—the long-term expected rate of return on pension plan investments was determined using Callan Associates' 10 year geometric capital market projections. Projected long term rates of return for each major asset class in the Retirement System's target asset allocation as of December 31, 2014, are summarized in the following table:

Asset Class	Policy	Actual	Long-term Expected Rate of Return
Domestic Equity	28.0%	30.1%	7.60%
International Equity	20.0%	20.8%	7.80%
Global Equity	10.0%	7.1%	7.70%
Fixed Income/Cash	28.0%	26.8%	3.60%
Real Estate	7.0%	7.6%	8.00%
Private Equity	2.0%	2.4%	8.50%
Absolute Return	5.0%	5.2%	5.25%
	100%	100%	

Discount Rate – The discount rate used to measure the total pension liability was 8.49 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from ERS agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the ERS fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The cross over analysis produces a single rate of 8.49 percent, which reflects the long-term expected rate of return on ERS investments. Therefore, the discount rate was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.49 percent, as well as what the district's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.49 percent) or 1 – percentage-point higher (9.49 percent) than the current rate (in thousands):

	1% Decrease (7.49%)	Current Discount (8.49%)	1% Increase (9.49%)
District's proportionate share of the net pension liability (asset)	\$ 3,178,000	\$ 534,000	\$ (1,694,000)

Additional Financial Information for the ERS- For additional information regarding ERS's financial statements and audit report, please visit the ERS web site at <http://www.cmers.com/About-Us/Reports.htm>.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 12 - RETIREMENT PLAN (continued)

Required Disclosures Under GASB No. 27

Covered payroll listed below is substantially the same as total payroll.

	2014	2013
Total Covered Employee Payroll	\$ 3,850,000	\$ 3,788,000
Total Required Contributions	\$ 379,112	\$ 352,532
Total Required Contributions	9.85%	9.31%

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE

The District participates in the City of Milwaukee healthcare plan. The City is self-insured for benefits under the plan. The plan provides other postemployment benefits (OPEB) to its retirees for health insurance. The plan provides for benefits based on several employee groups. For purposes of the plan, the District's employees are classified as "general City of Milwaukee employees".

Plan Description

The City plan is a single-employer defined benefit healthcare plan administered by both the City of Milwaukee and Milwaukee's Employee Retirement System (MERS) and United Health Care. The City of Milwaukee provides medical insurance benefits for substantially all retirees in accordance with terms set forth in labor contracts or by Common Council resolution. Retirees are eligible to enroll in any of the group plans offered by the City of Milwaukee to its active employees. Currently, a PPO plan, (aka the Basic Plan) and an EPO plan, (aka a Health Maintenance Organization (HMO) plan) are offered to active employees.

The plan provides full health insurance coverage to "general City of Milwaukee employees" hired prior to 1/1/14 who retire at age 55, but less than age 65, with 30 years of creditable service or age 60, but less than age 65, with 15 years of creditable service until the age of 65. For those employees hired after 1/1/14, they may retire at age 60 with 30 years of creditable service or are 65 with 15 years of creditable service. Management employees retiring beginning in 2004 at age 55, but less than 65, pay a portion of health insurance the same manner as active management employees, currently 12%.

After attaining the age of 65 and having completed a minimum of 15 years of creditable service, all retirees are eligible to enroll in a "subsidized plan" for medical insurance. Under the PPO Plan or Basic Plan, the employer contributes 25% of the cost and the retiree pays 75% of the cost and 100% of the major medical rate. Under the HMO Plan, the employer contributes a 25% subsidy of the applicable EPO cost or HMO premium.

Funding Policy

The contribution of plan members and the employer are established and may be amended by the City of Milwaukee Common Council. The required contribution is based on pay-as-you-go financing. For the year ended December 31, 2015 and 2014, District and plan members receiving benefits paid approximately \$27,360 and \$30,000, respectively toward medical insurance for retirees.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Annual OPEB Costs and Net OPEB Obligation

The City of Milwaukee's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The District has estimated its portion of the expense and ARC based on the number of District retirees as a percentage of total retirees in the City of Milwaukee General Employees classification

The following table show the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan (pay-as-you-go basis), and the changes in the District's net OPEB obligation:

	<u>2015</u>	<u>2014</u>
Annual Required Contribution (ARC)	\$ 55,108	\$ 64,169
Interest on Net OPEB Obligation	5,010	6,287
Adjustment to ARC	<u>(13,464)</u>	<u>(5,698)</u>
Annual OPEB Cost	46,654	64,758
Contribution made	<u>(27,360)</u>	<u>(30,000)</u>
Increase in net OPEB Obligation	19,294	34,758
Net OPEB obligation - beginning of year	<u>111,330</u>	<u>76,572</u>
Net OPEB obligation - end of year	<u><u>\$ 130,624</u></u>	<u><u>\$ 111,330</u></u>

For the year ended December 31, 2015, the OPEB obligation is included as its own line under long-term liabilities on the Statement of Net Position. For the year ended December 31, 2014, the OPEB obligation is included within the accrued expense line on the Statement of Net Position. The District's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014, 2013 and 2012 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2015	\$ 46,654	59%	\$ 130,624
12/31/2014	\$ 64,758	46%	\$ 111,330
12/31/2013	\$ 75,520	64%	\$ 76,572
12/31/2012	\$ 91,808	71%	\$ 49,052

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress

The most recent actuarial valuation conducted by the City of Milwaukee was as of January 1, 2015.

The District has estimated its portion of the City of Milwaukee's actuarial accrued liability based on the number of District retirees as a percentage of total retirees in the City of Milwaukee General Employees classification. The actuarial accrued liability for benefits was \$455,673 and \$776,081 for December 31, 2015 and 2014, respectively, and the GASB value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$455,673 and \$776,081 for December 31, 2015 and 2014, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$3,788,612 and \$3,810,950 and the ratio of the UAAL to the covered payroll was 12.03 and 20.36 percent, for December 31, 2015 and 2014, respectively.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the plan and the annual required contributions of the Employer, and are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The retiree healthcare valuation was based on the projected unit credit (PUC) cost method. The PUC method produces an explicit normal cost and actuarial accrued liability. The normal costs and actuarial accrued liability are directly proportional to the employee's service. That is, the normal cost equals the present value of future benefits divided by projected service at retirement and the actuarial accrued liability equals the present value of benefits multiplied by the ratio of service at valuation date to projected service at retirements. Depending on the demographic characteristics of the current group and new entrants in the future, this method could produce stable annual costs, in the aggregate, when expressed as a percentage of pay.

The OPEB valuation uses a discount rate assumption of 4.5 percent based on the City of Milwaukee's projected short-term investment rate of return. The healthcare cost trends rate is 8.0 percent per year graded down 4.5% per year ultimate trend in .5% increments thereafter for pre-medicare, 9.5% per year graded down to 4.5% per year ultimate trend in .5% increments thereafter for post-medicare.

NOTE 14 - ADVERTISING AGREEMENTS

The District has negotiated advertising agreements with several corporations for the right to advertise on the Arena's main and auxiliary scoreboards and the video walls of the Wisconsin Center's Exhibit Halls. The original terms of these agreements require varying annual payments and have expiration dates ranging through 2016. The District has negotiated trade agreements with several corporations for miscellaneous advertising in promotional material in exchange for equipment and rate reductions. The District recognized advertising and naming rights revenues of \$981,808 and \$1,158,700 in 2015 and 2014, respectively, under the advertising and naming rights agreements.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 14 - ADVERTISING AGREEMENTS (continued)

Future aggregate advertising and naming rights revenues under the agreements are as follows:

	Advertising Rights	Naming Rights	Total
2016	\$ 177,813	\$ 300,000	\$ 477,813

On June 1, 2007, the District entered into a seven-year Arena Naming Rights Agreement (Arena Agreement) with United States Cellular Corporation (U.S. Cellular). Under the terms of the Arena Agreement, the District granted U.S. Cellular the right to change the name of the "Milwaukee Arena" to the "U.S. Cellular Arena," the right to promote its business through comprehensive signage and pertinent marketing activities in exchange for significant financial support, and the right to be the exclusive wireless telecommunications provider to the District. U.S. Cellular is to pay a total of \$2,450,000 to the District over the seven-year term of the agreement payable in annual installments ranging from \$310,000 to \$340,000.

In June of 2014, U.S. Cellular Arena did not renew their contract. The District entered into a 10 year agreement with UW-Milwaukee, under the terms, the District granted UW-Milwaukee the right to change the name of the U.S. Cellular Arena to the UW-Milwaukee Panther Arena, the right to promote its business through comprehensive signage and pertinent marketing activities in exchange for significant financial support and the right to book priority. UW-Milwaukee is to pay a total of \$3,425,000 to the District over the ten year term of the agreement payable in annual installments ranging from \$2,450,000 to the District over the seven-year term of the agreement payable in annual installments ranging from \$300,000 to \$375,000.

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2015 and 2014

NOTE 17 – SUBSEQUENT EVENT

In August 2015, the Governor of Wisconsin signed into law legislation that will enable the construction of a new entertainment arena in downtown Milwaukee. The Wisconsin Center District's taxing authority will be partially utilized to pay for the construction of the building, and the District will ultimately be the owner of the venue. The financing for the construction will be finalized in 2016.

REQUIRED SUPPLEMENTARY INFORMATION

WISCONSIN CENTER DISTRICT

OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
For the Year Ended December 31, 2015

Year Ending	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit Actuary Method	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	1/1/2013	\$ -	\$ 905,065	\$ 905,065	0.00%	\$ 3,788,000	23.89%
12/31/2014	1/1/2013	\$ -	\$ 776,081	\$ 776,081	0.00%	\$ 3,810,950	20.36%
12/31/2015	1/1/2015	\$ -	\$ 455,673	\$ 455,673	0.00%	\$ 3,788,612	12.03%

WISCONSIN CENTER DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/15	0.470249900%	\$ 534,000	\$ 2,492,000	-21.43%	97.76%

WISCONSIN CENTER DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS -
CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending Date</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 355,500	\$ 355,500	\$ -	\$ 4,875,816	7.29%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

WISCONSIN CENTER DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Years Ended December 31, 2015 and 2014

EMPLOYEES' RETIREMENT SYSTEM (ERS)

The amounts presented in relation to the schedule of employer's proportionate share of the net pension liability and the schedule of employer contributions represents the specific data of the District. The Information was derived using a combination of the employer's contribution data along with data provided by the ERS in relation to the District as a whole.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in ERS.

Change of assumptions. There were no changes in the assumptions.

The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

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APPENDIX D
TAX PROJECTION STUDY

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TAX PROJECTION STUDY

Wisconsin Center District

MILWAUKEE, WISCONSIN

SUBMITTED TO:

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PREPARED BY:

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May 25, 2016

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Mr. Russell Staerkel
Wisconsin Center District
400 West Wisconsin Avenue
Milwaukee, Wisconsin 53203
Email: rstaerkel@wcd.org

Re: Wisconsin Center District Tax Study
Milwaukee, Wisconsin

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Nassau
New York
Newport
San Francisco
Toronto
Vancouver
Washington
Athens
Buenos Aires
Dubái
Hong Kong
Lima
London
Madrid
Mumbai
New Delhi
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Shanghai
Singapore

Dear Mr. Staerkel:

Pursuant to our engagement, HVS Convention, Sports & Entertainment Facilities Consulting (HVS) has projected the amount of District Tax Revenue that may be available to pay debt service on a proposed bond issue. The attached report explains the methods used to make the projections and discusses the results.

In the opinion of HVS, it is reasonable to expect that sufficient tax revenues will be available to meet the debt service obligations on the Wisconsin Center District's existing and proposed bonds.

The projections of District Tax Revenues are based on year-to-date information, certain historical trends and other assumptions. Use of trends and assumptions usually results in differences between the projected results and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. The findings presented herein reflect analysis of primary and secondary sources of information. HVS utilized sources deemed to be reliable but cannot guarantee their accuracy.

It has been a pleasure working with you. Please let us know if we can provide any additional services.

Sincerely,
HVS Convention, Sports & Entertainment
Facilities Consulting

Thomas Hazinski
Managing Director

Brian Harris
Director



Table of Contents

SECTION	TITLE
1.	Introduction and Executive Summary
2.	Market Area Overview
3.	Market Trends
4.	Tax History
5.	Tax Projections
6.	Coverage Ratios and Risks
7.	Statement of Assumptions and Limiting Conditions
8.	Certification
	Addendum - Qualifications

1. Introduction and Executive Summary

Scope of Work

The Wisconsin Center District (the “District”) engaged HVS Convention, Sports & Entertainment Facilities Consulting (“HVS”) to analyze the revenues from taxes levied by the District. HVS projected the Countywide Gross Basic Room Tax Collections, Citywide Gross Additional Room Tax Collections, Countywide Food and Beverage Tax Collections, and Countywide Rental Car Tax Collections for the next 31 years (FY2016 through FY2046). The purpose of this Tax Projection Study is to present projections of the available District Tax Collections to support debt service for existing and new bonds.

Qualifications

HVS provides specialized expertise in performing tax studies. Our qualifications are included as an addendum to this report. These qualifications demonstrate that we have the competence required to complete this engagement.

District Taxes

The District is a “local exposition district” with limited taxing powers, as created under 1993’s Wisconsin Act 263. The District was established to assume ownership of the existing convention and entertainment facilities at that time and to construct and expand such facilities in the future. District Taxes, which include: (i) Basic Room Tax, (ii) Additional Room Tax, (iii) Food & Beverage Tax, and (iv) Local Rental Car Tax, are currently pledged to pay debt service on outstanding District bonds. These taxes also support the operations of District facilities and contribute to the funding of the operations of Visit Milwaukee.

The figure below summarizes District Taxes.

FIGURE 1-1
SUMMARY OF TAX RATES

Tax	Taxing Area	Current Rate	Maximum Rate
Basic Room	Milwaukee County	2.50%*	3.00%
Food & Beverage	Milwaukee County	0.50%**	0.50%
Local Rental Car	Milwaukee County	3.00%	4.00%
Additional Room	City of Milwaukee	7.00%	7.00%
* increased from 2.0% in January 2011			
** increased from 0.25% in July 2010			

Source: District

This study was prepared to assist the District in complying with a condition to the issuance of additional bonds expressed in the General Resolution, adopted by the Board of Directors on December 20, 1995, as amended. The calculations presented in this study were completed in accordance with the definitions outlined in the General Resolution.

This study shows that, for each future year, it is reasonable to expect that Tax Revenues will be available to pay (i) the Adjusted Debt Service Requirements on all Outstanding Bonds and the proposed Senior Dedicated Tax Revenue Bonds, Series 2016 for each year, (ii) the projected annual operating surpluses or deficiencies for that year including the cost contributed to operations of Visit Milwaukee, and (iii) the required deposits into the Capital Maintenance Account for each year. The achievement of any financial projection is dependent upon future events, the occurrence of which cannot be assured.

This study projects annual Tax Revenues to increase annually at a rate not greater than the average annual increase for such Tax Revenues in the previous three Fiscal Years of 6.2% of the District immediately prior to the issuance of the Senior Dedicated Tax Revenue Bonds, Series 2016 Bonds, not taking into account any increase in the tax rate on any of the District Taxes.

Methodology

HVS performed the following tasks:

Analyzed the economic and demographics of the Milwaukee market and hotel lodging demand generators that may affect tax revenues for the District,

Reviewed and analyzed data on historical tax collections provided by the District for the years 2000 to the present,

Reviewed the authorizing legislation for the District and District collections procedures,

Based on projections of supply, demand, and price, HVS calculated Basic & Additional hotel tax revenues, Food & Beverage Tax, and Rental Car Tax revenues for a 31-year period beginning in 2016.

HVS Convention, Sports & Entertainment staff collected and analyzed all information contained in this study. HVS sought out reliable sources and HVS deemed information obtained from third parties to be accurate.

The following figure summarizes the long-term projection of District Tax Collections.

FIGURE 1-2
SUMMARY OF PROJECTED DISTRICT TAX COLLECTIONS (000'S)

Calendar Year	Basic Room Tax	Additional Room Tax	F&B Tax	Local Car Rental Tax	Total Tax	Less Admin Fees 2.55%	Plus Admin Fees Rebate 81.4%	District Tax Collections	Projected Annual Increase
2015 (Actual)	\$6,076	\$13,241	\$10,654	\$2,643	\$32,614	(\$832)	\$677	\$32,459	
2016	6,319	13,771	10,973	2,709	33,772	(861)	701	33,612	3.55%
2017	6,572	14,322	11,302	2,777	34,973	(892)	726	34,807	3.56%
2018	6,818	14,859	11,641	2,846	36,164	(922)	751	35,992	3.41%
2019	7,074	15,416	11,990	2,917	37,397	(954)	776	37,220	3.41%
2020	7,322	15,956	12,350	2,990	38,618	(985)	802	38,435	3.26%
2021	7,578	16,514	12,721	3,065	39,878	(1,017)	828	39,689	3.26%
2022	7,843	17,092	13,103	3,142	41,180	(1,050)	855	40,985	3.26%
2023	8,118	17,690	13,496	3,221	42,525	(1,084)	883	42,323	3.27%
2024	8,402	18,309	13,901	3,302	43,914	(1,120)	911	43,706	3.27%
2025	8,696	18,950	14,318	3,385	45,349	(1,156)	941	45,134	3.27%
2026	9,000	19,613	14,748	3,470	46,831	(1,194)	972	46,609	3.27%
2027	9,315	20,299	15,190	3,557	48,361	(1,233)	1,004	48,132	3.27%
2028	9,641	21,009	15,646	3,646	49,942	(1,274)	1,037	49,705	3.27%
2029	9,978	21,744	16,115	3,737	51,574	(1,315)	1,070	51,329	3.27%
2030	10,327	22,505	16,598	3,830	53,260	(1,358)	1,105	53,007	3.27%
2031	10,688	23,293	17,096	3,926	55,003	(1,403)	1,142	54,742	3.27%
2032	11,062	24,108	17,609	4,024	56,803	(1,448)	1,179	56,534	3.27%
2033	11,449	24,952	16,868	4,125	57,394	(1,464)	1,191	57,122	1.04%
2034	11,850	25,825	17,374	4,228	59,277	(1,512)	1,230	58,996	3.28%
2035	12,265	26,729	17,895	4,334	61,223	(1,561)	1,271	60,933	3.28%
2036	12,694	27,665	18,432	4,442	63,233	(1,612)	1,312	62,933	3.28%
2037	13,138	28,633	18,985	4,553	65,309	(1,665)	1,356	64,999	3.28%
2038	13,598	29,635	19,555	4,667	67,455	(1,720)	1,400	67,135	3.29%
2039	14,074	30,672	20,142	4,784	69,672	(1,777)	1,446	69,341	3.29%
2040	14,567	31,746	20,746	4,904	71,963	(1,835)	1,494	71,622	3.29%
2041	15,077	32,857	21,368	5,027	74,329	(1,895)	1,543	73,976	3.29%
2042	15,605	34,007	22,009	5,153	76,774	(1,958)	1,594	76,410	3.29%
2043	16,151	35,197	22,669	5,282	79,299	(2,022)	1,646	78,923	3.29%
2044	16,716	36,429	23,349	5,414	81,908	(2,089)	1,700	81,519	3.29%
2045	17,301	37,704	24,049	5,549	84,603	(2,157)	1,756	84,202	3.29%
2046	17,907	39,024	24,770	5,688	87,389	(2,228)	1,814	86,974	3.29%
Average Annual									3.23%

Source: HVS

HVS projects that Gross Tax Collections after Net Administrative Fees will grow from \$33.6 million in 2016 to \$87.0 million in 2046.

Definitions

This study uses the following defined terms:

“Act 60” means the 2015 Wisconsin Act 60 passed by the Senate and State Assembly, signed into law on August 12, 2015, and effective on August 14, 2015.

“Administrative Fees” means those fees paid to the DOR for the administration of District Taxes.

“Additional Room Tax,” as defined in Section 4 of this report.

“Administrative Fees Rebate” means the amounts of Administrative Fees more than the cost of collections that are refunded to the District.

“Available District Revenues” means District Tax Distributions for any given Bond Year.

“Available Room Nights” means for a given period, the cumulative total of hotel rooms available for rental during each day in the period.

“Average Annual Daily Room Rate” or “ADR” means Gross Room Revenue divided by the total amount of Occupied Hotel Room Nights for any calendar year.

“Basic Room Tax” as defined in Section 4 of this report

“Bond Year” means the calendar year for which District Tax Distributions are available. For example, Bond Year 2016 would include District Tax Distributions for the period January 2016 through December 2016 and District Tax Collections from the period October 15th, 2015 through October 14th, 2016.

“City” means the City of Milwaukee, Wisconsin.

“County” means the County of Milwaukee, Wisconsin.

“District Operating Income (Loss)” means for any given year, the amount of surplus or deficiency remaining after operating expenses (excluding depreciation and payments to Visit Milwaukee) are deducted from operating revenues (excluding District Tax Collections).

“District Tax Distributions” or “Aggregate Tax Revenues” means the taxes received by the District as reported by the month in which the District receives the money.

“District Tax Collections” means the taxes received by the District as reported by the month in which the liability occurs. This number is equal to Total Gross Tax Collections minus Net Administrative Fees.

“DOR” means the Department of Revenue of the State of Wisconsin.

“Effective Annual Average Daily Room Rate” or “EDR” means the total amount of Taxable Room Revenue divided by the total amount of Adjusted Occupied Room Nights for any calendar year.

“F&B Tax” as defined in Section 4 of this report.

“Fiscal Year” is a calendar year ending December 31.

“Great Recession” means the recession which began on December 2007 and ended on June 2009 related to the financial crisis of 2007-08 and U.S. subprime mortgage crisis of 2007-09.

“Gross Additional Room Tax Collections” represent the collections of the DOR for liabilities relating to the Additional Room Tax occurring in the listed year before the removal of Administrative Fees from the total.

“Gross Basic Room Tax Collections” represent the collections of the DOR for liabilities relating to the Basic Room Tax occurring in the listed year before the removal of Administrative Fees from the total.

“Gross Rental Car Tax Collections” represent the collections of the DOR for liabilities relating to the Rental Car Tax occurring in the listed year before the removal of Administrative Fees from the total.

“Gross F&B Tax Collections” represent the collections of the DOR for liabilities relating to the Food & Beverage Tax occurring in the listed year before the removal of Administrative Fees from the total.

“Gross Room Revenue” means the amounts of revenue received by operators of lodging establishments for the rental of hotel rooms or other lodging facilities and reported to Smith Travel Research.

“Gross Tax Collections” represent the sum of Gross Basic Room Tax Collections, Gross Additional Basic Room Tax Collections, Gross F&B Tax Collections, and Gross Rental Car Tax Collections for a given period.

“Local Rental Car Tax” as defined in Section 4 of this report.

“Net Tax Collections” represent the sum of Gross Basic Room Tax Collections, Gross Additional Basic Room Tax Collections, Gross F&B Tax Collections, and Gross Rental Car Tax Collections for a given period after payment of the Net Administrative Fee.

“Occupancy Rate” means the number of Occupied Room Nights divided by the number of Available Room Nights for any given calendar year.

“Occupied Room Nights” means for a given period, a cumulative total of hotel rooms rented by paying guests during each day in the period.

“Remaining Available District Revenue” means for any given year, the Available District Revenues amount minus District Operating Income (Loss) minus payment to Visit Milwaukee.

“Tax Revenues” means the Gross Basic Room Tax Collections and the Gross Additional Room Tax Collections and the Gross Rental Car Tax Collections and the Gross F&B Tax Collections.

“Taxable Room Revenue” means the amount of revenue subject to the District Taxes. This number is calculated by dividing the tax revenues by the tax rate.

“Total Gross Tax Collections” is the total amount of Gross Tax Collections collected by the DOR on behalf of the District. Numbers are reported for the time period during which the liabilities occur.

2. Market Area Overview

This market area analysis reviews economic and demographic data that describe the overall condition of the local economy in Milwaukee County (the “County”) and the City of Milwaukee, Wisconsin (the “City”). The characteristics of the area economy and trends that indicate growth or decline provide indicators of the performance of the areas where the District can levy taxes and its ability to generate Gross Tax Collections. HVS analyzed the following indicators: population, income, sales, workforce characteristics, employment levels, major businesses, airport access, and tourism attractions.

Market Area Definition

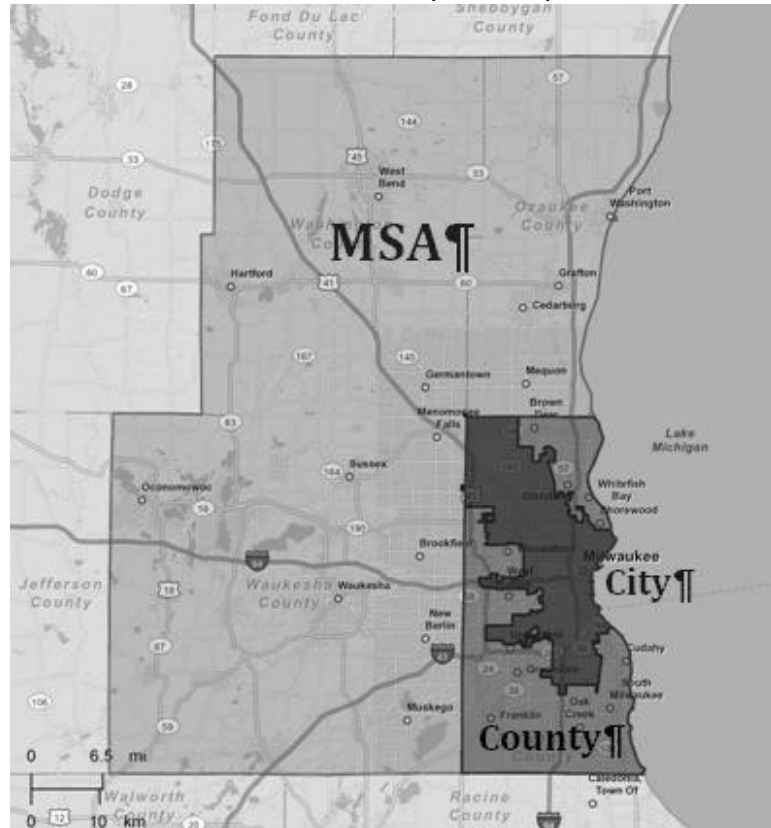
The District generates tax revenues from the Basic Room Tax, Local Rental Car Tax, and the F&B Tax that are collected in Milwaukee County. The District also generates tax revenues from the Additional Room Tax, imposed on hotels in the City of Milwaukee.

MILWAUKEE, WISCONSIN



The following map shows the two different taxing districts and the Milwaukee Metropolitan Statistical Area (“MSA”).

MAP OF MILWAUKEE MSA, COUNTY, AND CITY



HVS defined the market areas as the Metropolitan Statistical Area ("MSA") of Milwaukee-Waukesha-West Allis, WI, which includes the cities of Milwaukee, Waukesha, and West Allis within Milwaukee, Ozaukee, Washington, and Waukesha Counties.

Greater Milwaukee has a diverse economy, with the service, manufacturing, and technological industries exhibiting some dominance. The major employers in the area are primarily related to the healthcare and manufacturing industries. Many of the manufacturing companies in the area have an international customer base, which generates visitation to the Milwaukee area and corresponding demand for hotel nights. The healthcare companies generate a constant stream of hotel demand from training sessions and industry conferences.

Wisconsin is located on the western edge of North America's Great Lakes region and covers 58,154 square miles of land. Neighboring states include Illinois and Iowa to the south, Minnesota to the west (across the Mississippi River), Lake



Economic and Demographic Review

Michigan to the east and the Upper Peninsula of Michigan and Lake Superior to the north. The state's network of interstate highways includes Interstate 90, 94, and 43. The state is within easy driving distance from Chicago and Minneapolis/St. Paul.

The state capital is Madison, located in the south/central part of the state. The agriculture sector is a significant driver of the Wisconsin economy. The large volume of goods moving from Wisconsin farms provides employment to thousands of workers who transport, process, and market food products.

A primary source of economic and demographic statistics used in this analysis is the Complete Economic and Demographic Data Source published by Woods & Poole Economics, Inc. – a well-regarded forecasting service based in Washington, D.C. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends using U.S. Department of Commerce, Bureau of Economic Analysis historical statistics (2000 through 2015). Woods & Poole formulates the projections, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

The following figure summarizes the data.

FIGURE 2-1
ECONOMIC AND DEMOGRAPHIC DATA SUMMARY

Economic Indicator/Area	Beginning Amount	2000	2010	2015	2020	Ending Amount	Estimated Annual Compound Change 2015 to 2020
Resident Population (millions)							
Milwaukee County	0.9					1.0	0.1% 0.1%
Milwaukee-Waukesha-West Allis, WI MSA	1.5					1.7	0.6% 0.6%
Milwaukee-Racine-Waukesha, WI CSA	1.9					2.2	0.7% 0.7%
State of Wisconsin	5.4					6.1	0.8% 0.8%
United States	282.2					340.6	1.0% 1.0%
Per-Capita Personal Income* (thousands)							
Milwaukee County	\$34.5					\$40.9	1.2% 1.2%
Milwaukee-Waukesha-West Allis, WI MSA	\$40.0					\$48.2	1.5% 1.5%
Milwaukee-Racine-Waukesha, WI CSA	\$38.6					\$46.0	1.4% 1.4%
State of Wisconsin	\$35.1					\$42.2	1.3% 1.3%
United States	\$36.5					\$44.4	1.3% 1.3%
W&P Wealth Index							
Milwaukee County	94					90	-0.1% -0.1%
Milwaukee-Waukesha-West Allis, WI MSA	109					107	0.1% 0.1%
Milwaukee-Racine-Waukesha, WI CSA	106					103	0.1% 0.1%
State of Wisconsin	98					96	0.0% 0.0%
United States	100					100	0.0% 0.0%
Food and Beverage Sales* (billions)							
Milwaukee County	\$1.2					\$1.5	0.9% 0.9%
Milwaukee-Waukesha-West Allis, WI MSA	\$1.9					\$2.6	1.4% 1.4%
Milwaukee-Racine-Waukesha, WI CSA	\$2.4					\$3.2	1.5% 1.5%
State of Wisconsin	\$6.4					\$8.5	1.7% 1.7%
United States	\$368.8					\$548.2	1.9% 1.9%
Total Retail Sales* (billions)							
Milwaukee County	\$12.0					\$12.5	1.0% 1.0%
Milwaukee-Waukesha-West Allis, WI MSA	\$21.4					\$24.0	1.6% 1.6%
Milwaukee-Racine-Waukesha, WI CSA	\$26.5					\$30.1	1.6% 1.6%
State of Wisconsin	\$77.0					\$91.3	1.8% 1.8%
United States	\$3,903.0					\$5,187.5	2.0% 2.0%

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

Milwaukee County is expected to have a population increase of 0.1% annually over the next five years while other areas in the state increase their populations at a faster pace. The County has a lower per capita personal income and W&P wealth index than the MSA, state, or country as a whole. County Food and Beverage Sales are expected to expand by approximately 1.0% a year over the next five years.

Workforce Characteristics

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate sensitive. The government sector often generates transient room nights, but per diem reimbursement allowances often limit the accommodations selection to budget

and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications and public utilities (TCPU) employers can also be important, depending on the company type.

The following figure shows the Milwaukee County MSA workforce distribution by the business sector.

FIGURE 2-2
HISTORICAL AND PROJECTED EMPLOYMENT (000s)

Sector/Geographic Area Employment	Beginning Amount (thousands)	2000	2010	2015	2020	Ending Amount (thousands)	Growth Rate 2015 to 2020
Milwaukee County							
Health Care And Social Assistance	82					97	4.3%
State And Local Government	55					53	0.2%
Manufacturing	83					46	-9.1%
Retail Trade	61					45	-4.3%
Administrative And Waste Services	51					45	4.5%
Accommodation And Food Services	36					40	3.2%
Finance And Insurance	40					35	-1.5%
Other Services, Except Public Administration	29					34	3.4%
Professional And Technical Services	32					34	1.7%
Educational Services	20					33	8.8%
Management Of Companies And Enterprises	11					21	12.0%
Real Estate And Rental And Lease	16					20	3.0%
Transportation And Warehousing	22					20	4.1%
Wholesale Trade	24					17	-5.6%
Construction	17					15	0.7%
Other	132					132	2.2%
Total Milwaukee County	622					594	1.2%
MSA	1,002					1,076	5.5%
U.S.	165,371					198,344	6.9%

Source: Woods & Poole Economics, Inc.

Over the next five years, Health care and social assistance, the largest sector in the Milwaukee County economy is projected to grow at the fourth fastest rate among sectors. Services make up over half of all employment, and that percentage is expected to grow, with the management of companies and enterprises projected to see the most significant gains. Employment in Educational Services is expected to



expand significantly while the manufacturing sector continues to decline. Overall, job growth in the County is projected to remain slower than MSA and country growth levels.

Food and Beverage

Food and Beverage sales are dependent on demographic shifts within the County. HVS gathered demographic information from ESRI with a five-year projection of the changes in demographics.

FIGURE 3-1
ESRI FIVE YEAR FORECAST OF DEMOGRAPHIC TRENDS
FOR MILWAUKEE COUNTY

Demographic Summary	2015	2020	% Change
Population	939,707	944,122	0.5%
Households	382,260	384,287	0.5%
Families	218,434	218,589	0.1%
Median Age	35	36	2.6%
Median Household Income	\$41,153	\$47,831	16.2%

Source: ESRI

Major Business and Industry

The following figure presents a list of the major employers in the market area.

FIGURE 2-3
TEN LARGEST EMPLOYERS IN METRO MILWAUKEE

Rank	Firm	Number of Employees
1	Aurora Health Care	21,100
2	Wheaton Franciscan Healthcare	12,000
3	Kohl's Department Stores	7,700
4	Froedtert Health	6,100
5	GE Healthcare	6,000
6	Quad/Graphics	5,600
7	Columbia St. Mary's	5,400
8	Medical College of Wisconsin	5,200
9	Northwestern Mutual	5,000
10	ProHealth Care, Inc.	5,000

Source: Discover Milwaukee Website 2016

In the last two decades, the services sector, including Fortune 500 companies such as Northwestern Mutual and Kohl's Corporation, has been a fast-growing segment of the regional economy, representing somewhat of a shift from the area's historical reliance on the manufacturing industry.



Robert W. Baird & Co., a global financial services firm, is also based in Milwaukee, and several of the nation's largest banking institutions, such as BMO Harris Bank and JPMorgan Chase Bank, maintain a presence in the area. The healthcare sector in the Milwaukee area includes respected educational and research facilities, integrated healthcare systems, and several specialty hospitals including Aurora Healthcare, Wheaton Franciscan Healthcare, and GE Healthcare. Milwaukee remains a major manufacturing center and is home to large industrial companies such as Harley-Davidson, Joy Global, Rockwell Automation, and Johnson Controls. The prevalence of the healthcare industry in the Metro Milwaukee area indicates a potential strength of the region. A continued rise in healthcare costs would support the growth of medical and healthcare providers in the area.

Downtown Milwaukee Revitalization

The diversification of Milwaukee's economic base allowed the city's economy to weather the recession better than other secondary markets. A short downturn has been followed by years of economic growth and revitalization, highlighted by projects such as repurposed old buildings, more transportation options, and new entertainment venues. Areas such as the historic Third Ward and Westown have realized the development of new offices, hotels, and residences in recent years.

Major construction projects currently underway include Northwestern Mutual's Tower and Commons and the new Milwaukee Bucks arena. Northwestern Mutual is replacing one of its Downtown Milwaukee buildings with a 32-story tower featuring 1.1 million square feet of office space. Project for completion in early 2017, the \$450-million project will support the company's growth. Just across the street, Northwestern Mutual is constructing a 32-story tower that will include 308 high-end apartments, 16 penthouse units, ground-floor retail, and an eight-story parking garage. Occupancy of the new tower building is expected by the spring of 2018.

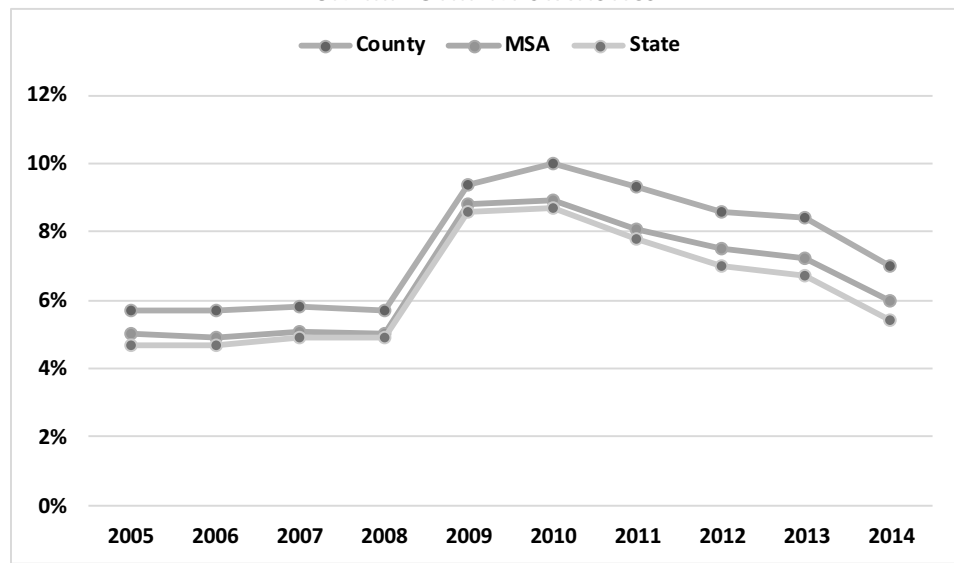
Another major project in Downtown Milwaukee is the \$100-million 833 East Michigan Street building, completed by Irgens in early 2016. The building sits next to the US Bank building in the heart of Milwaukee's commercial district and offers 18 stories of Class A, multi-tenant office space.

Additionally, plans for the Milwaukee Streetcar, an above ground trolley that will initially run through the East River neighborhood, were recently approved. Efforts are already underway to relocate public utilities.

Unemployment Statistics

Unemployment statistics provide a measure of the health of the local economy in comparison to state and national trends. The following figure presents historical unemployment rates for the market area.

**FIGURE 2-4
UNEMPLOYMENT STATISTICS**



Source: U.S. Bureau of Labor Statistics

After showing year-over-year improvement, unemployment increased significantly in 2009 as the financial crisis initiated the Great Recession. This trend continued through 2010 as the height of the recession took hold. However, unemployment declined in 2011 as the economy rebounded, a trend that continued through 2014. The most recent comparative period illustrates improvement, indicated by the lower unemployment rate in the latest available data for 2015. The unemployment rate was 7.0% in the City and 6.0% in the County in 2014. In December of 2015, the most recent month of available data, the unemployment rate was 5.2% in the City and 4.5% in the County, versus 6.0% and 5.0% respectively for the same month in 2014. Reportedly, local employment has remained strong within the healthcare sector, as well as in the manufacturing and finance industries. Our interviews with economic development officials reflect a positive outlook.

Airport Traffic

The following figure illustrates recent operating statistics for the primary airport facility serving the market.

**FIGURE 2-5
AIRPORT STATISTICS**

Year	Passenger Traffic	Annual Percent Change
2006	7,299,294	
2007	7,135,419	-2.2%
2008	7,956,968	11.5%
2009	7,946,532	-0.1%
2010	9,848,377	23.9%
2011	9,522,456	-3.3%
2012	7,515,070	-21.1%
2013	6,525,181	-13.2%
2014	6,554,152	0.4%
2015	6,549,353	-0.1%
YTD through January		
2015	464,749	
2016	493,180	6.1%

Source : General Mitchell International Airport

General Mitchell International Airport (MKE) is a medium-hub airport owned and operated by Milwaukee County. Mitchell International has sometimes been described as Chicago's third airport, as some Chicago travelers seek to avoid O'Hare International Airport or Midway Airport. It is also used by travelers throughout Wisconsin and Northern Illinois as an alternative.

The decline in passenger traffic in the last several years is largely due to Frontier Airlines, formerly the airport's busiest airline, which has undergone a series of major cutbacks in its service from the airport. Frontier previously operated a hub at Mitchell, but the company has since opted to reduce its operations in Milwaukee to focus on its main hub at Denver International Airport. Despite this move by Frontier, the airport experienced a slight increase in passenger traffic in 2014 as Southwest continued to pick up routes previously flown by Frontier.

Tourist Attractions

The market benefits from a variety of tourist and leisure attractions. Tourism peaks in May through September. During other times of the year, weekend demand comprises travelers en route to other destinations, people visiting friends or relatives, and other leisure demand generators. Located on the shores of Lake Michigan at the confluence of three rivers, Milwaukee possesses geographic advantages as a summer tourist destination. Primary attractions in the area include the following:

- Harley-Davidson Motor Company, a manufacturer of motorcycles based in Milwaukee, opened a \$75-million museum in Downtown Milwaukee in July of

2008. The 130,000 square foot museum contains a large collection of motorcycles, a restaurant, and retail shop, as well as indoor and outdoor meeting space.

- Henry W. Maier Festival Park, located along the Michigan lakefront adjacent to the Third Ward District, annually hosts the popular Summerfest music festival. The eleven-day food and music festival extends from the end of June through early July, booking over 800 acts and representing one of the largest gatherings of bands and musicians in the country. Marcus Amphitheater and ten other stages near the banks of Lake Michigan play host to the event.
- Historic Third Ward is Milwaukee's Arts and Fashion District. It offers the city's a large selection of restaurants, spas, theaters, galleries, and unique boutiques all in a historic warehouse setting. The neighborhood was named a Top 12 ArtPlace in 2013. It is home to the award-winning Third Ward Riverwalk and the Milwaukee Public Market. The area is home to the Milwaukee Institute of Art and Design (MIAD), the Off-Broadway Theatre, and the Broadway Theatre Center, which houses the renowned Skylight Opera Theatre, Milwaukee Chamber Theatre and Renaissance Theaterworks.
- Miller Park, which opened in 2001, serves as a replacement for Milwaukee County Park. The facility, which is home to the Milwaukee Brewers, offers entertainment and activities. The park is most notable for its fan-shaped convertible roof and the large panes of glass.
- The Miller Visitor Center offers daily guided walking tours of Miller Valley, home to over 155 years of brewing history. The free, one-hour tours blend the rich history of Miller Brewing Co. with the modern technology of today's brewing process.
- The Milwaukee Art Museum opened its first art gallery in 1888 and presents over 25,000 works of art from various periods of time and international origins. The venue has over 300,000 square feet of space and attracts approximately 350,000 visitors per year. The museum's Quadracci Pavilion designed in 2001 by Spanish architect Santiago Calatrava, is a Milwaukee icon on the banks of Lake Michigan.

MILWAUKEE ART MUSEUM



- The Milwaukee County Park System owns and operates the Mitchell Park Horticultural Conservatory, which is made up of three conical domes. Each of the three domes exhibits different types of tropical, desert, and cultural plants and the venue sometimes hosts shows for plants of different seasons.
- Milwaukee County Zoo houses 1,800 animals and covers an area of 200 acres. The zoo is also home to one of the largest group of bonobos in one location outside their native Democratic Republic of the Congo and has two cheetahs from the National Zoo in Washington. The collection totals 4.5 million artifacts for research and collections.
- Milwaukee Public Museum, in downtown, Milwaukee, is a natural and human history museum. The museum, which opened in 1884, has three floors of exhibits and the first IMAX Theater in Wisconsin.
- Milwaukee RiverWalk downtown, the two-mile long RiverWalk winds along the Milwaukee River with access to some of the city's best restaurants, brewpubs, shops, and waterfront nightlife. Public art gives the RiverWalk the feel of an outdoor gallery. Directional signs along the RiverWalk, elaborate on the city's history. The RiverWalk host events including the River Rhythms and, the Milwaukee River.
- Pabst Mansion, in Milwaukee, was once the home to Captain Frederick Pabst, founder of the Pabst Brewing Company. The mansion has also housed archbishops. Open to the public since 1978; the Mansion was placed on the National Register of Historic Places in 1979.

- Scheduled to open in the fall of 2018, the new arena for the NBA's Milwaukee Bucks will have 17,500 seats, including approximately 2,000 premium seats in club boxes and luxury suites. In addition to hosting Milwaukee Bucks home games, the arena will also be the home of Marquette University's men's basketball program. Other events will include touring concerts, comedy performances, family shows, ice shows, and motorsports.
- Wisconsin State Fair Park has been the location of the Wisconsin State Fair since 1892. The park hosts other events throughout the year, such as the Milwaukee Mile, the oldest and continuously operating motor speedway in the world. The complex is also home to the Pettit National Ice Center, a U.S. Olympic training facility with a 400-meter indoor speed skating oval and two Olympic-size ice rinks.

Other attractions include Basilica of St. Josaphat, Chudnow Museum of Yesteryear, Discovery World, Betty Brinn Children's Museum, Bronze Fonz, North Point Lighthouse, Old World 3rd St., Veteran's Park, and St. Joan of Arc Chapel.



3. Market Trends

Introduction	HVS analyzed market trends in the hotel, rental car, and food and beverage industries. Market trends inform our projection of District Tax Collections.
Hotel Lodging	<p>HVS gathered data on historical room supply, recent and proposed hotel development, seasonal patterns in the market, and historical trends since the year 2000.</p> <p>HVS relied on data purchased from Smith Travel Research (“STR”) to measure lodging supply and demand. While STR provides the most comprehensive source of information on hotel supply, demand, and revenue, it has some limitations. Not all hotels report their data, so comprehensive data for the County and the City involves estimation of the Available Room Nights, Occupied Room Nights, and Gross Room Revenue of non-reporting properties. STR also relies on the accuracy of hotels that report the data but does not verify the accuracy of each report. STR produced the report on March 16, 2016.</p> <p>Notwithstanding, STR data provides the best available data on hotel supply and demand. To test its reliability for use in this study, HVS compared STR estimates of Gross Room Revenues to Taxable Room Revenue. The figure below shows this comparison.</p>

FIGURE 3-2
COMPARISON OF TAXABLE ROOM REVENUES AND GROSS ROOM REVENUES (\$ MILLIONS)

Calendar Year	City				County			
	Taxable Room Revenues *	Gross Room Revenues	Variance	Percent Variance	Taxable Room Revenues *	Gross Room Revenues	Variance	Percent Variance
2000	\$89.4	\$120.0			\$124.9	\$151.8		
2001	98.0	118.6	(\$20.6)	-17.4%	134.0	152.0	(\$17.9)	-11.8%
2002	99.3	120.9	(21.5)	-17.8%	134.2	151.5	(17.3)	-11.4%
2003	102.7	120.2	(17.5)	-14.5%	135.0	150.6	(15.6)	-10.4%
2004	100.8	122.6	(21.8)	-17.8%	134.8	153.4	(18.6)	-12.1%
2005	110.6	133.3	(22.7)	-17.0%	148.0	165.6	(17.6)	-10.6%
2006	120.2	147.3	(27.2)	-18.4%	158.8	183.2	(24.4)	-13.3%
2007	125.3	154.8	(29.5)	-19.0%	166.2	191.9	(25.6)	-13.4%
2008	132.7	167.2	(34.5)	-20.7%	180.4	208.5	(28.1)	-13.5%
2009	108.2	135.9	(27.7)	-20.4%	147.5	172.2	(24.7)	-14.4%
2010	132.9	156.4	(23.4)	-15.0%	178.8	198.4	(19.6)	-9.9%
2011	142.0	165.9	(24.0)	-14.4%	188.0	210.6	(22.7)	-10.8%
2012	149.7	174.8	(25.1)	-14.3%	196.3	220.6	(24.3)	-11.0%
2013	162.8	189.1	(26.3)	-13.9%	212.3	237.0	(24.7)	-10.4%
2014	176.4	205.6	(29.3)	-14.2%	225.7	254.2	(28.5)	-11.2%
2015	189.2	218.9	(29.8)	-13.6%	243.0	270.2	(27.2)	-10.0%
Average Percentage Variance Last 15 Years				-16.6%	-11.6%			
Average Percentage Variance Last 10 Years				-16.4%	-11.8%			

*District Taxable Room Revenue was calculated using the month of collection by DOR

Sources: District and STR

DOR reports Taxable Room Revenue data by the month of stay in the City or County. Similarly, STR estimates Gross Room Revenues in the month of the stay in the City and County. Within the City, historical Taxable Room Revenue was, on average over the last 15 years, 16.4% less than STR Gross Room Revenue. Within the County, historical Taxable Room Revenues were, on average over the last 15 years, 11.6% less than STR Gross Room Revenue.

These variances may be caused by: 1) hotel tax exemptions, 2) differences in the lodging properties included in the data sets, 3) timing differences in the reporting of sales and taxes, and 4) possible error in the STR estimate of Gross Room Revenues.

The figure below shows the inventory of hotels and the number of rooms within the City and the County.

FIGURE 3-3
LODGING SUPPLY – HOTEL PROPERTIES

City of Milwaukee			Milwaukee County (including City of Milwaukee)		
Size of Hotel	Number of Properties	Number of Rooms	Size of Hotel	Number of Properties	Number of Rooms
0-50	7	244	0-50	15	461
51-100	17	1,304	51-100	25	2,008
101-150	20	2,475	101-150	34	4,129
151-200	9	1,520	151-200	10	1,718
201-250	3	669	201-250	3	669
>250	4	1,898	>250	4	1,898
	60	8,110		91	10,883

Source: STR as of 2/29/16

According to data from STR, there are 60 hotels in the City and 91 hotels in the County as a whole. Over 74% of County hotel rooms are within the City, which also contains 16 of the 17 hotels larger than 151 rooms.

A significant amount of new room supply was added to the market over the past four years, as shown in the figure below.

FIGURE 3-4
RECENT HOTEL DEVELOPMENTS – MILWAUKEE COUNTY

Hotel Property	Location	Date Opened	Number of Rooms
Hampton Inn & Suites Milwaukee West	West Allis, WI	Nov 2015	101
Hampton Inn & Suites Milwaukee Franklin	Franklin, WI	Aug 2015	100
Potawatomi Hotel & Casino	Milwaukee, WI	Aug 2014	381
Marriott Milwaukee Downtown	Milwaukee, WI	Jun 2013	205
The Brewhouse Inn & Suites	Milwaukee, WI	Apr 2013	90
Hilton Garden Inn Milwaukee Downtown	Milwaukee, WI	Nov 2012	127

Source: STR

The supply of hotel rooms increase by roughly 9% in the last four years. Approximately 80% of new rooms were built in the City.

The following figure shows the continued growth in the supply of hotels rooms in the market

**FIGURE 3-5
HOTELS UNDER CONSTRUCTION**

Property	Address	Rooms	Opening
Springhill Suites Milwaukee Downtown	744 North 4th Street	155	June 2016
Kimpton Journeyman Hotel	310 East Chicago Street	164	July 2016
Westin Hotel	550 North Van Buren Street	220	June 2017
Homewood Suites	East Clybourn and North Water	94	Early 2017
Cambria Suites	West Clybourn and North Water	150	TBD
Bucks Arena Hotel	1001 North 4th Street	300	TBD
Pabst Brewery Redevelopment	West Juneau Avenue and North 9th Street	60	TBD
Total		1,143	0

The following figure shows the long-term growth in the number of room nights available in the City and County. The number of available room nights is calculated by adding number of rooms available on each day of the year.

FIGURE 3-6
HISTORIC DATA - AVAILABLE ROOM NIGHTS

Calendar Year	Milwaukee City		Milwaukee County	
	Available Room Nights	% Change Available Room Nights	Available Room Nights	% Change Available Room Nights
1987	2,265,855		2,871,025	
1988	2,356,283	4.0%	3,033,268	5.7%
1989	2,395,495	1.7%	3,113,815	2.7%
1990	2,422,200	1.1%	3,140,520	0.9%
1991	2,413,248	-0.4%	3,131,568	-0.3%
1992	2,393,700	-0.8%	3,112,020	-0.6%
1993	2,356,022	-1.6%	3,074,342	-1.2%
1994	2,344,395	-0.5%	3,086,041	0.4%
1995	2,370,791	1.1%	3,099,696	0.4%
1996	2,341,357	-1.2%	3,070,262	-0.9%
1997	2,265,586	-3.2%	3,020,599	-1.6%
1998	2,312,212	2.1%	3,085,647	2.2%
1999	2,366,538	2.3%	3,164,150	2.5%
2000	2,511,148	6.1%	3,343,644	5.7%
2001	2,648,644	5.5%	3,560,414	6.5%
2002	2,659,919	0.4%	3,461,459	-2.8%
2003	2,585,918	-2.8%	3,390,758	-2.0%
2004	2,549,074	-1.4%	3,354,994	-1.1%
2005	2,539,837	-0.4%	3,345,757	-0.3%
2006	2,557,190	0.7%	3,363,110	0.5%
2007	2,557,190	0.0%	3,363,110	0.0%
2008	2,591,470	1.3%	3,476,353	3.4%
2009	2,687,362	3.7%	3,675,285	5.7%
2010	2,778,714	3.4%	3,805,459	3.5%
2011	2,807,886	1.0%	3,834,631	0.8%
2012	2,854,747	1.7%	3,874,172	1.0%
2013	2,781,577	-2.6%	3,764,522	-2.8%
2014	2,879,684	3.5%	3,829,354	1.7%
2015	2,960,150	2.8%	3,920,391	2.4%
Average % Change		1.0%		1.2%
Average % Change Last 15 Years		1.1%		1.1%

Source: STR

Both the City and the County have seen an increase in the supply of available room nights in recent years. Both markets experienced strong growth at the turn of the century but saw modest declines in available room nights in the years following the September 11th attacks. Increasing growth in room night supply was disrupted by the economic downturn in 2007, but growth began again in 2008. Growth continued to 2012, with a modest downturn in 2013, returning to growth in 2014

and 2015. From 1987, the City has experienced an average annual growth in the supply of 1.0%, while the County has experienced average annual growth of 1.2% per year. Over the last 15 year, the City and County have experienced an average annual growth in the supply of 1.1%.

In addition to the number of hotels and hotel rooms, STR provides estimates for Occupied Room Nights, Gross Room Revenue, and calculates Average Annual Daily Rate or ADR. The figures below show STR data within the City and the County from 1987 through 2015.

FIGURE 3-7
HISTORIC CITY DATA - OCCUPIED ROOM NIGHTS, ADR, AND GROSS ROOM REVENUE

Calendar Year	Occupied Room Nights	% Change	Occupancy	Average Daily Rate	% Change	Gross Room Revenues	% Change
1987	1,441,843		63.6%	\$48.98		\$70,619,686	
1988	1,538,460	6.7%	65.3%	50.97	4.1%	78,415,478	11.0%
1989	1,538,048	0.0%	64.2%	53.62	5.2%	82,476,356	5.2%
1990	1,543,924	0.4%	63.7%	55.90	4.2%	86,300,132	4.6%
1991	1,469,911	-4.8%	60.9%	55.01	-1.6%	80,859,492	-6.3%
1992	1,504,960	2.4%	62.9%	55.87	1.6%	84,081,633	4.0%
1993	1,533,684	1.9%	65.1%	57.49	2.9%	88,166,844	4.9%
1994	1,548,866	1.0%	66.1%	59.77	4.0%	92,574,194	5.0%
1995	1,517,916	-2.0%	64.0%	61.46	2.8%	93,288,160	0.8%
1996	1,434,970	-5.5%	61.3%	64.61	5.1%	92,707,724	-0.6%
1997	1,430,644	-0.3%	63.1%	68.00	5.3%	97,287,807	4.9%
1998	1,425,121	-0.4%	61.6%	73.20	7.6%	104,322,297	7.2%
1999	1,392,199	-2.3%	58.8%	75.94	3.7%	105,728,788	1.3%
2000	1,500,192	7.8%	59.7%	80.00	5.3%	120,010,588	13.5%
2001	1,436,397	-4.3%	54.2%	82.55	3.2%	118,569,567	-1.2%
2002	1,482,141	3.2%	55.7%	81.55	-1.2%	120,868,842	1.9%
2003	1,485,203	0.2%	57.4%	80.92	-0.8%	120,177,629	-0.6%
2004	1,518,709	2.3%	59.6%	80.75	-0.2%	122,638,262	2.0%
2005	1,542,450	1.6%	60.7%	86.43	7.0%	133,309,708	8.7%
2006	1,592,375	3.2%	62.3%	92.52	7.0%	147,320,942	10.5%
2007	1,604,047	0.7%	62.7%	96.48	4.3%	154,762,607	5.1%
2008	1,619,824	1.0%	62.5%	103.22	7.0%	167,195,599	8.0%
2009	1,429,900	-11.7%	53.2%	95.03	-7.9%	135,889,073	-18.7%
2010	1,638,712	14.6%	59.0%	95.43	0.4%	156,383,080	15.1%
2011	1,660,407	1.3%	59.1%	99.93	4.7%	165,927,754	6.1%
2012	1,701,236	2.5%	59.6%	102.75	2.8%	174,809,189	5.4%
2013	1,754,303	3.1%	63.1%	107.79	4.9%	189,097,729	8.2%
2014	1,885,982	7.5%	65.5%	109.03	1.1%	205,628,431	8.7%
2015	1,920,850	1.8%	64.9%	113.97	4.5%	218,912,840	6.5%
Average from 1987			61.3%		3.1%		4.3%
Average Last 15 Years			60.0%		2.5%		4.4%
Average Last 10 Years			61.2%		2.9%		5.5%
Average Last 5 Years			61.1%		2.5%		7.0%

Source: STR

The City historical STR data shows at 4.3% average annual growth rate of Gross Room Revenues from 1987, 4.4% for the last 15 years, 5.5% for the last ten years, and 7.0% for the last 5 years.

FIGURE 3-8
HISTORIC COUNTY DATA - - OCCUPIED ROOM NIGHTS, ADR, AND GROSS ROOM REVENUE

Calendar Year	Occupied Room Nights	% Change	Occupancy	Average Daily Rate	% Change	Gross Room Revenues	% Change
1987	1,816,985		63.3%	\$47.75		\$86,764,999	
1988	1,946,658	7.1%	64.2%	49.09	2.8%	95,566,922	10.1%
1989	1,961,614	0.8%	63.0%	51.16	4.2%	100,348,726	5.0%
1990	1,991,825	1.5%	63.4%	53.12	3.8%	105,814,536	5.4%
1991	1,902,130	-4.5%	60.7%	52.76	-0.7%	100,365,105	-5.1%
1992	1,946,502	2.3%	62.5%	53.34	1.1%	103,831,044	3.5%
1993	1,977,929	1.6%	64.3%	54.74	2.6%	108,275,877	4.3%
1994	1,994,416	0.8%	64.6%	57.05	4.2%	113,783,068	5.1%
1995	1,966,414	-1.4%	63.4%	58.98	3.4%	115,970,364	1.9%
1996	1,861,340	-5.3%	60.6%	61.62	4.5%	114,699,733	-1.1%
1997	1,890,639	1.6%	62.6%	64.20	4.2%	121,386,543	5.8%
1998	1,906,404	0.8%	61.8%	68.44	6.6%	130,483,556	7.5%
1999	1,879,158	-1.4%	59.4%	71.28	4.1%	133,946,587	2.7%
2000	2,025,811	7.8%	60.6%	74.92	5.1%	151,773,419	13.3%
2001	1,975,615	-2.5%	55.5%	76.92	2.7%	151,956,363	0.1%
2002	1,969,875	-0.3%	56.9%	76.90	0.0%	151,473,984	-0.3%
2003	1,966,835	-0.2%	58.0%	76.57	-0.4%	150,601,600	-0.6%
2004	2,008,299	2.1%	59.9%	76.38	-0.3%	153,387,740	1.9%
2005	2,042,539	1.7%	61.0%	81.06	6.1%	165,562,172	7.9%
2006	2,107,056	3.2%	62.7%	86.94	7.3%	183,183,848	10.6%
2007	2,108,367	0.1%	62.7%	91.00	4.7%	191,860,762	4.7%
2008	2,140,214	1.5%	61.6%	97.42	7.1%	208,508,114	8.7%
2009	1,942,119	-9.3%	52.8%	88.68	-9.0%	172,235,763	-17.4%
2010	2,256,449	16.2%	59.3%	87.92	-0.9%	198,384,629	15.2%
2011	2,293,911	1.7%	59.8%	91.82	4.4%	210,628,637	6.2%
2012	2,337,962	1.9%	60.3%	94.36	2.8%	220,610,427	4.7%
2013	2,384,274	2.0%	63.3%	99.41	5.3%	237,009,490	7.4%
2014	2,510,171	5.3%	65.6%	101.27	1.9%	254,202,773	7.3%
2015	2,533,400	0.9%	64.6%	106.65	5.3%	270,192,593	6.3%
Average from 1987		1.3%	61.3%		3.0%		4.3%
Average Last 15 Years		1.6%	60.3%		2.5%		4.2%
Average Last 10 Years		2.3%	61.3%		2.9%		5.4%
Average Last 5 Years		2.2%	62.5%		3.8%		6.0%

Source: STR

The County historical STR data shows at 4.3% average annual growth rate of Gross Room Revenues from 1987, 4.2% for the last 15 years, 5.4% for the last ten years, and 6.0% for the last 5 years.



The STR data shows that the market recovered occupancy from the low point of 53% in 2009 to about 65% in 2015, near an all-time high. The relatively high five-year trends in ADR and occupancy growth rates reflect continued recovery from the Great Recession. Historically the market has stabilized at the low 60% occupancy level. ADR recovery has lagged occupancy recovery; however, ADR exceeded the 2008 peak in 2013. Adjusted for inflation, it is clear that ADR has not yet fully recovered. After six years of sustained recovery, we expect that growth in ADR and occupancy will decelerate over the next few years.

The following figure shows the year-to-date through February 2016 as compared to the same period in 2015.

FIGURE 3-9
OCCUPANCY AND ADR CHANGE YEAR-TO-DATE FEBRUARY 2016

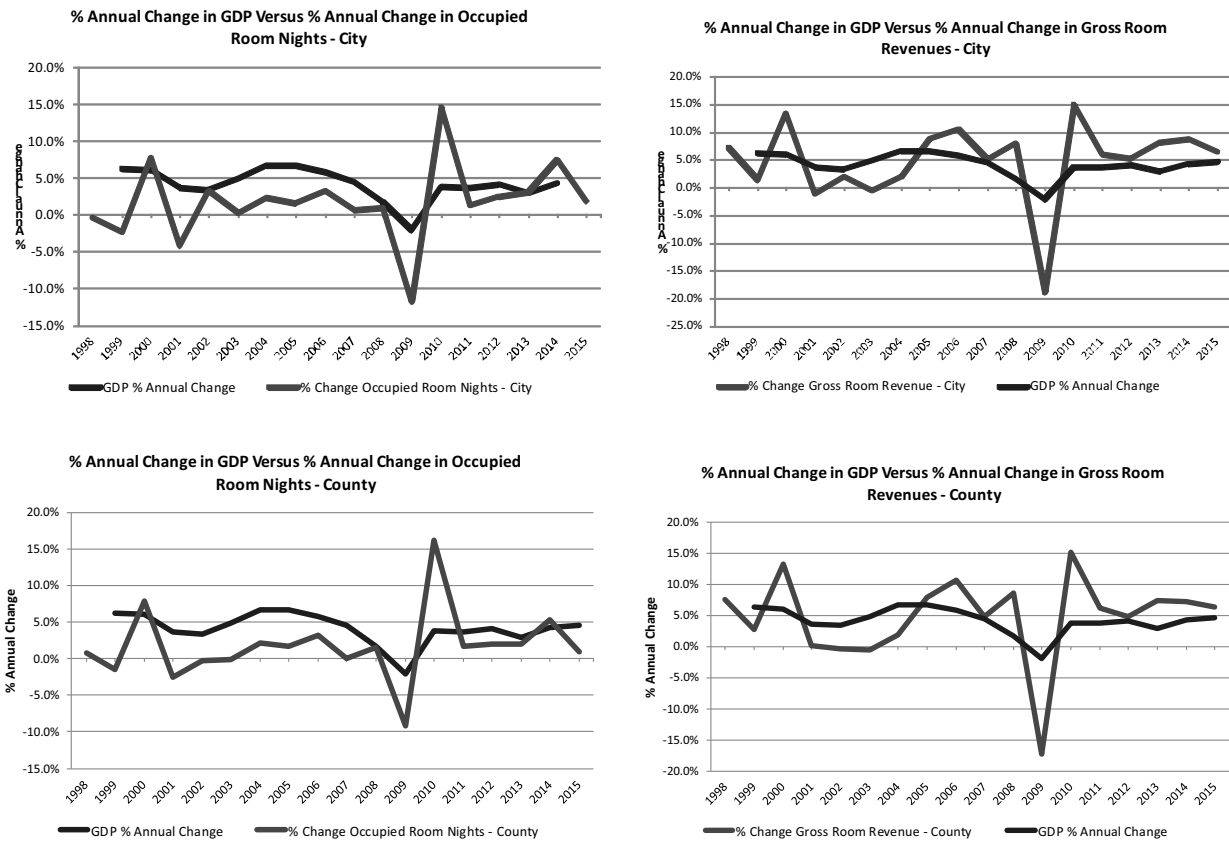
	City			County		
	2015	2016	% Change	2015	2016	% Change
Demand	267,051	274,297	2.7%	349,300	362,429	3.8%
ADR	\$100.21	\$102.55	2.3%	\$94.68	\$97.13	2.6%

Source: STR

Comparison of Economic Cycles

The hospitality industry is subject to cyclical economic conditions that affect demand for leisure travel, corporate expense budgets, and transportation costs. During a national economic recession, the hospitality industry can experience a slowdown in demand growth or even temporary contractions of demand. The Bureau of Economic Analysis tracks Gross Domestic Product ("GDP"). GDP measures the growth of the economy. The figures below compare annual% change in GDP to the annual% change in Occupied Room Nights and Gross Room Revenues for both the City and the County.

FIGURE 3-10
HISTORIC CHANGE IN GDP VS. OCCUPIED ROOM NIGHTS AND REVENUE



Sources: BEA, STR

In the aftermath of the 2001 recession, Occupied Room Nights and District Tax Distributions continued to grow, albeit at lower rates than historical levels. Milwaukee experienced significant declines in room occupancy following the 2009 recession.

The most recent "Great Recession" caused the worst economic decline in U.S. history since the Great Depression and its negative impact on lodging demand and ADR in both the City and the County were much more severe than the 2001 recession. In 2009, Occupied Room Nights declined by 11.7% in the City and 9.2% in the County. ADR declined by 8.0% in the City and 9.0% in the County, causing declines in Gross Room Revenue of 18.7% and 17.3% respectively. Like after the 2001 recession, hotels planned before the recession opened, adding to the number of Available Room Nights, and further suppressing ADR growth. Occupied Room



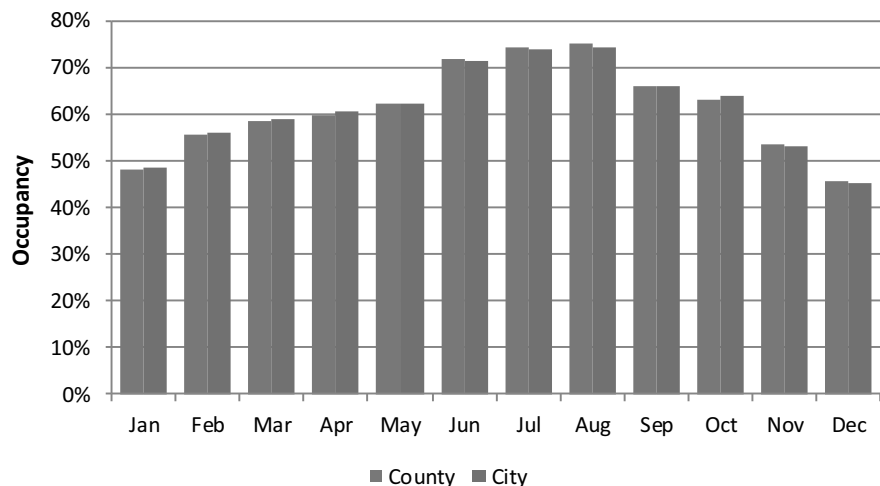
Nights recovered quickly and now exceed pre-recession highs in the City and the County. The market recovered quickly establishing a new high in room night demand in 2010 and continued to set new annual records through 2015.

The City and County ADR exceeded its previous 2008 peak in the calendar year 2013. The City and County ADR set new highs in both 2014 and 2015 and are higher year-to-date in 2016.

Seasonal Patterns

Hotel occupancy and ADR follow a highly predictable seasonal pattern as shown in the figure below. Understanding these patterns is important in predicting the timing of distribution of taxes to the District.

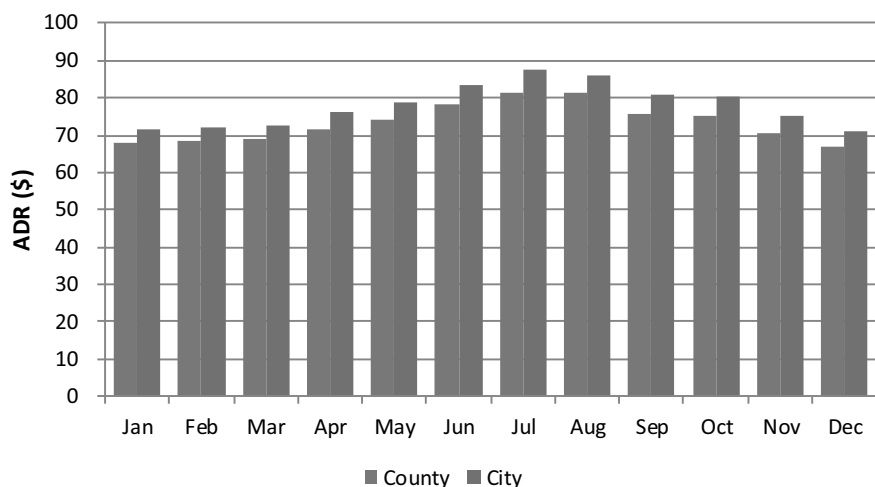
FIGURE 3-11
HISTORIC OCCUPANCY BY MONTH (AVERAGE 1987-2015)



Summer is the peak season of occupancy. Occupancy typically increases by nearly 30 percentage points, from a rate in the low 40s in December to approximately 75% in July.



FIGURE 3-12
HISTORIC ADR BY MONTH (AVERAGE 1987-2015)



ADR reaches peak rate during summer. ADR increases by approximately 18 dollars between December and July.

Rental Cars

HVS analyzed the historic market for car rentals. The auto rental agencies in Milwaukee County file local rental car tax returns with the Wisconsin Department of Revenue.

Airport passengers generate the majority of demand for auto rentals in Milwaukee. Deplaning or arriving visitors are more likely to rent a car than those enplaned or departing passengers, as they will be present in the market. The figure below shows historical deplanements as tracked by General Mitchell International Airport ("MKE").

FIGURE 3-13
HISTORIC DEPLANEMENTS AT GENERAL MITCHELL INTERNATIONAL AIRPORT

Year	Historical Deplanements	% Change
1998	2,745,084	
1999	2,919,481	6.4%
2000	3,036,666	4.0%
2001	2,788,106	-8.2%
2002	2,797,840	0.3%
2003	3,067,702	9.6%
2004	3,329,850	8.5%
2005	3,638,446	9.3%
2006	3,657,791	0.5%
2007	3,844,437	5.1%
2008	3,956,203	2.9%
2009	3,953,253	-0.1%
2010	4,920,819	24.5%
2011	4,761,504	-3.2%
2012	3,734,755	-21.6%
2013	3,258,872	-12.7%
2014	3,275,332	0.5%
2015	3,271,997	-0.1%

Source: General Mitchell International Airport

The airport recovered from the 2001 decline in deplanements within two years and experienced growth through 2008. The 2009 recession briefly lowered deplanements, but a strong recovery in 2010 indicates that the airport continues to experience growth. In 2010, Frontier Airlines made MKE one of their hubs, significantly increasing passenger traffic. In 2012, Frontier Airlines closed its hub at MKE, resulting in a reduction in passenger traffic to pre-2010 levels. The increase in deplanements in 2010 and the reduction in 2012 due to Frontier Airlines opening and closing a hub did not significantly impact car rental receipts because airline customer passengers through MKE to another destination count as deplaned customers but never leave the airport.

Car rentals at the airport make up the majority of car rental receipts. The figure below shows the change in Airport Rental Car Receipts.

FIGURE 3-14
HISTORIC AIRPORT RENTAL CAR RECEIPTS (\$ MILLIONS)

Year	Airport Rental Car Receipts (millions)	% Change Receipts
2007	\$64.9	
2008	68.7	5.9%
2009	59.9	-12.8%
2010	73.7	23.0%
2011	76.9	4.2%
2012	75.7	-1.5%
2013	76.4	0.9%
2014	80.0	4.6%
2015	81.6	2.1%

Source: General Mitchell International Airport

Airport Rental Car Receipts are for the month in which the liability occurs.

4. Tax History

The Wisconsin Center District was created “for the purpose of acquiring and managing exposition center facilities.” The District imposes a 2.5% basic room tax on temporary lodging stays in the County that was raised from 2% on January 1, 2011. The tax applies to lodging stays shorter than a period of one month. A 7% additional room tax applies to lodging facilities located in the City of Milwaukee.

The District imposes a tax on the sale of food and beverages. On July 1, 2010, the food and beverage tax was raised from 0.25% to 0.5%. The tax applies to sales of candy, soft drinks, prepared foods, and alcoholic beverages consumed on premises.

The District imposes a tax of 3% of taxable gross receipts on local car rentals in the County.

The following figure shows the major components of the taxes that generate revenue for District Tax Distributions, which fund the District.

Exemptions to sales and use rates include sales to the federal government, any recognized American Indian Tribe or Band, Wisconsin municipalities and schools, certain nonprofits, sales by certain institutions (public schools, colleges, universities, hospitals, sanatoriums, or nursing homes), and sales for resale.

FIGURE 4-1
SUMMARY OF TAX RATES

Tax	Taxing Area	Current Rate	Maximum Rate
Basic Room	Milwaukee County	2.50%*	3.00%
Food & Beverage	Milwaukee County	0.50%**	0.50%
Local Rental Car	Milwaukee County	3.00%	4.00%
Additional Room	City of Milwaukee	7.00%	7.00%
* increased from 2.0% in January 2011			
** increased from 0.25% in July 2010			

Source: District

Description of Milwaukee Taxes

The District imposes its taxes on a seller’s taxable gross receipts. Gross receipts are the total amount of the sale or rental price, whether received in money or something other than money. Gross receipts do not include federal, state, and local taxes measured by a stated percentage of sales price or gross receipts (e.g., the

State and County sales tax). The seller may pass taxes imposed by the District onto its customers. However, the seller is subject to the District Taxes even if the tax is not collected from customers. In practice, all District Taxes are “pass through” taxes, and the legal incidence of the District Taxes is on the customer.

The DOR collects, administers, and enforces the District Taxes. Each taxpayer is required to report its liability for District Taxes to the DOR and to remit the full amount of such taxes, on or before the last day of the month following the end of such taxpayer’s reporting period. Initially, each taxpayer has a quarterly reporting period. Depending on the amount of the quarterly tax liability, the DOR may notify a taxpayer that its reporting period has been changed from quarterly to monthly or annually.

Under the Authorizing Legislation, the net amounts collected by the DOR on behalf of the District, less an Administrative Fee or statutory deduction retained by the DOR to cover its administrative expenses, must be paid by the DOR to the District no later than the end of the month following the end of the calendar quarter in which the amounts were collected. The amount of the statutory deduction was reduced from 3.0% to 2.55% in November 1999. Each year, the DOR calculates its actual administrative costs and to the extent that actual costs are less than the 2.55% statutory deduction, the DOR will refund the difference between actual costs and the amounts deducted for that year.

Revenues from the F&B Tax, the Local Rental Car Tax, and the Basic Room Tax (the “Restricted Tax Revenues”) may only be used for the payment of the District’s debt services on its bond obligations. Revenues derived from the Additional Room Tax (the “Unrestricted Tax Revenues”) are not so limited, but the District has pledged Tax Revenues derived from the Additional Room Tax as payment for its bonds (the Restricted and Unrestricted Tax Revenues are referred to collectively as the “Tax Revenues”).

Basic Room Tax

The District currently imposes the Basic Room Tax at the rate of 2.5% on the gross receipts derived from the furnishing at retail, except sales for resale, of rooms or lodging stock transients by hotelkeepers, motel operators, and other persons furnishing accommodations that are available to the public. For the lodging to qualify as transient, it has to be furnished to a person for a continuous period of less than one month. Subject to certain limited exceptions, the tax is imposed on all such lodging within the District’s jurisdiction.

Under the Authorizing Legislation, the District may impose the Basic Room Tax, at a rate not to exceed 3.0% (the maximum rate for the Basic Room Tax) by a vote of the District Board. The Basic Room Tax Rate was raised from 2.0% to 2.5% on January 1, 2011.



On August 24, 1994, the District Board adopted a resolution providing that if the balance in a special debt service reserve fund of the District is less than the applicable requirement, the Basic Room Tax rate shall become 3.0% as of the next succeeding January 1, April 1, July 1, or October 1. This increased tax rate cannot be repealed if any bonds issued by the District and secured by a special debt service reserve fund are outstanding.

Similarly, the District has covenanted in the Award Resolution for its Series 1996 Bonds that if the balance in the Debt Service Reserve Fund for the Series 1996 Bonds is less than the Debt Service Reserve Fund Requirement for the Series 1996 Bonds, the District shall raise the Basic Room Tax rate to 3.0% as of the next succeeding January 1, April 1, July 1 or October 1 and such tax rate will not be subject to repeal as long as any of the Series 1996 Bonds are outstanding.

Additional Room Tax

Under the Authorizing Legislation, if the sponsoring municipality of an exposition district ceases to impose a room tax, such exposition district may impose an Additional Room Tax at the same percentage rate as was in effect in the sponsoring municipality at the time the District acquired its assets. An Additional Room Tax was adopted by the District on August 24, 1994, and became effective on January 1, 1995.

The Additional Room Tax is imposed by the District at the rate of 7.0% on the gross receipts derived from the furnishing at retail, except sales for resale, of rooms or lodging to transients by hotelkeepers, motel operators, and other persons furnishing accommodations that are available to the public. For the lodging to qualify as transient, it has to be furnished to a person for a continuous period of less than one month.

Subject to certain limited exceptions, the tax is imposed on all such lodging within the City. The Additional Room Tax is not assessed in the remainder of the District's jurisdiction. Under the Authorizing Legislation, the District has no authority to increase the 7.0% Additional Room Tax rate. No increases have been proposed for the Additional Room Tax rate.

Local Food and Beverage Tax

The District currently imposes the Local Food and Beverage Tax ("F&B Tax") at the rate of 0.5% on the gross receipts derived from the sale of food and beverages. Gross receipts include cover, minimum, entertainment, service, or other charges to patrons that are subject to the Wisconsin sales or use tax. Subject to certain limited exceptions, the tax is imposed on all such sales within the District's jurisdiction. A sale is considered to take place whenever possession of the food and beverages transfers from the seller or the seller's agent to the buyer or the buyer's agent. A common carrier and the U.S. Postal Service are deemed agents of the seller regardless of the point of sale and of how the freight or postage is paid.



Under the Authorizing Legislation, the District increased the rate of the Local Food and Beverage Tax from 0.25% to 0.5% effective July 1, 2010, with the vote of a majority of the authorized members of the District Board. The current rate is the maximum rate allowed under the legislation.

The Food and Beverage Tax was modified in October 2009 to apply only to candy, soft, drinks, and prepared food, as well as alcoholic beverages consumed on premises.

Local Rental Car Tax

On establishments within the District's jurisdiction primarily engaged in the business of short-term rental of passenger cars without drivers, the District currently imposes the Local Rental Car tax at the rate of 3.0% on the gross receipts derived from the rental, for 30 days or less, of motor vehicles designed and used principally for carrying persons. A rental is deemed to take place at the location where the motor vehicle comes into the lessee's possession. The Local Rental Car Tax is not levied on the rental of motor vehicles that are exempt from the State sales tax.

Under the Authorizing Legislation, the maximum rate for the Local Rental Car Tax is 4.0%. The Local Rental Car Tax cannot be raised from 3.0% to 4.0% until the State of Wisconsin makes a payment under Section 229.50(7) of the Wisconsin Statutes under its moral obligation pledge to a special debt service reserve fund of the District, such as the existing Junior Debt Service Reserve Fund. Under the Authorizing Legislation, if the State of Wisconsin makes such payment, a majority of the District's authorized Board of Directors may vote to increase the rate of the Local Rental Car Tax to 4.0%. On August 24, 1995, a majority of the District's Board voted that if the State of Wisconsin makes such payment, the rate of the Local Rental Car Tax will increase to 4.0%. The wording of the Authorizing Legislation will require that the District's Board re-adopt such increase following a payment under Section 229.50(7) of the Wisconsin Statutes.

Historic Basic Room Tax Collections

Gross Basic Room Tax Collections represent the collections of the DOR for liabilities relating to the Basic Room Tax. The figure below shows the past sixteen years of Gross Basic Room Tax Collections.

**FIGURE 4-2
HISTORICAL
GROSS BASIC ROOM TAX COLLECTIONS**

Calendar Year	Basic Room Tax	% Change
2000	\$2,460,360	
2001	2,692,689	9.4%
2002	2,682,761	-0.4%
2003	2,713,118	1.1%
2004	2,718,028	0.2%
2005	2,959,062	8.9%
2006	3,175,093	7.3%
2007	3,324,320	4.7%
2008	3,608,095	8.5%
2009	2,950,327	-18.2%
2010	3,575,375	21.2%
2011	4,698,986	31.4%
2012	4,908,284	4.5%
2013	5,307,845	8.1%
2014	5,643,580	6.3%
2015	6,075,990	7.7%
Average Last 15 Years		6.7%
Average Last 10 Years		8.2%
Average Last 5 Years		11.6%

Source: District

Gross Basic Room Tax Collections have grown at an average of 6.7% a year over the last 15 years. The increase in the tax rate in 2011 caused a significant increase in receipts. The figure below shows the level of collections assuming that the amount of Gross Basic Room Tax Collection was not affected by the change in the tax rate, and the tax rate remained at 2.0%.

**FIGURE 4-3
GROSS BASIC ROOM TAX COLLECTIONS
ADJUSTED TO A 2% RATE**

Calendar Year	Basic Room Tax Original Rate	% Change in Collections Original Rate
2000	\$2,497,843	
2001	2,680,988	7.3%
2002	2,683,219	0.1%
2003	2,699,248	0.6%
2004	2,695,333	-0.1%
2005	2,959,089	9.8%
2006	3,175,093	7.3%
2007	3,324,320	4.7%
2008	3,608,095	8.5%
2009	2,950,327	-18.2%
2010	3,575,375	21.2%
2011	3,759,189	5.1%
2012	3,926,627	4.5%
2013	4,246,276	8.1%
2014	4,514,864	6.3%
2015	4,860,792	7.7%
Average Last 15 Years		4.9%
Average Last 10 Years		5.5%
Average Last 5 Years		6.3%

Source: District

The long-term 15-year growth averaged 4.9%, and the 10-year averaged 5.5%, when adjusted for changes in the tax rate, which indicates the potential for future growth in the market. The 6.3% growth rate over the past five years reflects a period of economic recovery during which growth rates exceed historical averages.

The historical STR data shows a 4.3% average growth rate for the last 15 years and a 5.5% average annual growth rate for the last ten years in room revenues. The STR historical data on the growth rate for room revenues in the Milwaukee County market supports the historical growth in tax revenues presented above.

Historic Additional Room Tax Collections

Gross Additional Room Tax Collections represent the collections of the DOR for liabilities relating to the Additional Room Tax occurring in the listed year before Administrative Fees. The following figure shows annual changes in collections.

The figure below shows the past sixteen years of Gross Additional Room Tax Collections.

**FIGURE 4-4
HISTORICAL
GROSS ADDITIONAL ROOM TAX COLLECTIONS**

Calendar Year	Additional Room Tax	% Change
2000	\$6,260,790	
2001	6,858,331	9.5%
2002	6,952,926	1.4%
2003	7,188,781	3.4%
2004	7,058,358	-1.8%
2005	7,744,570	9.7%
2006	8,411,492	8.6%
2007	8,769,839	4.3%
2008	9,285,558	5.9%
2009	7,572,638	-18.4%
2010	9,306,364	22.9%
2011	9,938,361	6.8%
2012	10,482,184	5.5%
2013	11,395,906	8.7%
2014	12,344,695	8.3%
2015	13,240,998	7.3%
Average Last 15 Years		5.5%
Average Last 10 Years		6.0%
Average Last 5 Years		7.3%

Source: District

Gross Additional Tax Collections have grown at an average of 5.5% a year from 2000-2015, 6.0% a year from 2006-2015, and 7.3% from 2011-2015.

Historical Food and Beverage Tax Collections

Gross F&B Tax Collections represent the collections of the DOR for liabilities occurring in the listed year before Administrative Fees. The following figure shows annual changes in collections.

**FIGURE 4-5
HISTORICAL
GROSS F&B TAX COLLECTIONS**

Calendar Year	F&B Tax	% Change
2000	\$2,686,332	
2001	3,019,220	12.4%
2002	3,094,826	2.5%
2003	3,173,924	2.6%
2004	3,484,154	9.8%
2005	3,155,640	-9.4%
2006	3,625,404	14.9%
2007	3,974,303	9.6%
2008	4,049,855	1.9%
2009	3,991,474	-1.4%
2010	6,385,471	60.0%
2011	8,901,044	39.4%
2012	9,405,832	5.7%
2013	9,624,199	2.3%
2014	10,004,053	3.9%
2015	10,653,854	6.5%
Average Last 15 Years		10.7%
Average Last 10 Years		14.3%
Average Last 5 Years		11.6%

Source: District

Gross Food and Beverage District Collections grew at an average annual rate of 10.7% from 2000 through 2015. However, the F&B Tax rate increased from 0.25% to 0.5% on July 1st of 2010.

In the figure below, HVS calculated the historical growth based on the original rate of 0.25%, which provides an estimate of real long-term historical growth.

FIGURE 4-6
ADJUSTED GROSS F&B TAX COLLECTIONS
(ORIGINAL 0.25% RATE)

Calendar Year	F&B Tax - Original Rate	% Change in Receipts - Original Rate
2000	\$2,716,849	
2001	3,017,051	11.0%
2002	3,098,578	2.7%
2003	3,254,078	5.0%
2004	3,391,474	4.2%
2005	3,425,640	1.0%
2006	3,625,404	5.8%
2007	3,974,303	9.6%
2008	4,049,855	1.9%
2009	3,991,474	-1.4%
2010	4,394,973	10.1%
2011	4,450,522	1.3%
2012	4,702,916	5.7%
2013	4,812,099	2.3%
2014	5,002,027	3.9%
2015	5,326,927	6.5%
Average Last 15 Years		4.6%
Average Last 10 Years		4.6%
Average Last 5 Years		3.9%

Sources: District & HVS

If the tax rate had remained the same, the annual growth in receipts would have been 4.6% from 2000 to 2015. This growth rate better represents the potential for future growth in the market. The change in tax rate may have pushed more 2010 collections into the month of December as some taxpayers were slow to adjust to the new rate. The average growth rate over the past five years slowed to 3.9%.

Historic Rental Car Tax Collections

Gross Rental Car Tax Collections represent the amount of revenue received from the DOR for liabilities occurring in the listed year before Administrative Fees. The following figure shows annual changes in Gross Rental Car Tax Collections.

**FIGURE 4-7
HISTORICAL GROSS RENTAL CAR
TAX COLLECTIONS**

Calendar Year	Local Rental Car Tax	% Change
2000	\$2,036,618	
2001	1,801,897	-11.5%
2002	1,678,319	-6.9%
2003	1,673,079	-0.3%
2004	1,842,475	10.1%
2005	1,674,956	-9.1%
2006	2,093,953	25.0%
2007	2,056,518	-1.8%
2008	2,181,316	6.1%
2009	1,931,213	-11.5%
2010	2,315,704	19.9%
2011	2,539,854	9.7%
2012	2,414,379	-4.9%
2013	2,389,031	-1.0%
2014	2,595,397	8.6%
2015	2,642,869	1.8%
Average Last 15 Years		2.3%
Average Last 10 Years		5.2%
Average Last 5 Years		2.8%

Source: District

Gross Rental Car Tax Collections grew annually at an average rate of 2.3% per year for the past 15 years. After a strong recovery in 2010 and 2011, the 2012 and 2013 Gross Rental Car Collections declined. This decline most likely reflects the reduced level of air service to Milwaukee as Frontier Airlines reduced flight schedules and subsequently merged with Delta Airlines. Gross Rental Car Tax Collections grew in both 2014 and 2015 as the economy grew.

The following figure summarizes historical changes in Gross District Tax Collections.

**FIGURE 4-8
HISTORICAL GROSS TAX COLLECTIONS**

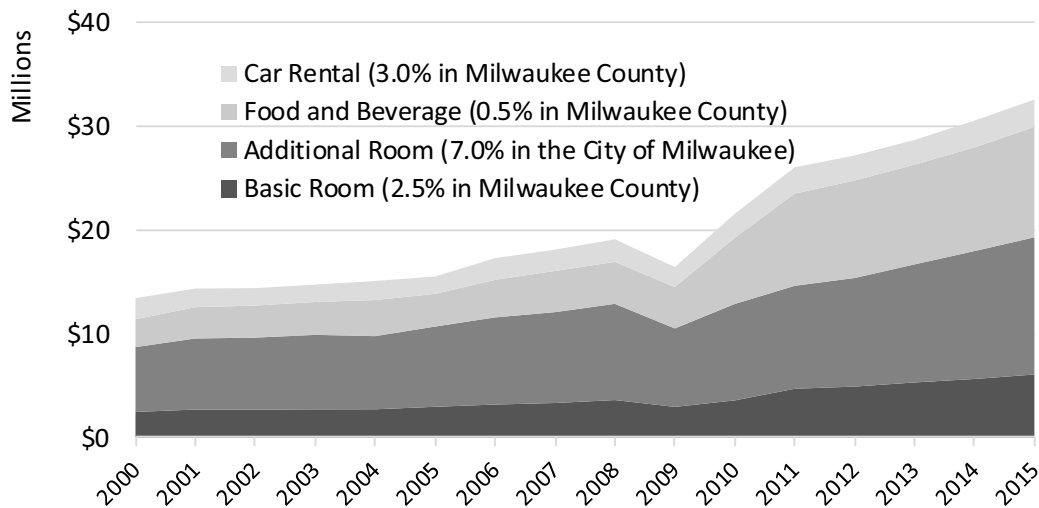
Calendar Year	Basic Room Tax		Additional Room Tax		F & B Tax		Car Rental Tax		Gross Tax Collections	
2000	\$2,460,360		\$6,260,790		\$2,686,332		\$2,036,618		\$13,444,099	
2001	2,692,689	9%	6,858,331	10%	3,019,220	12%	1,801,897	-12%	14,372,137	7%
2002	2,682,761	0%	6,952,926	1%	3,094,826	3%	1,678,319	-7%	14,408,832	0%
2003	2,713,118	1%	7,188,781	3%	3,173,924	3%	1,673,079	0%	14,748,903	2%
2004	2,718,028	0%	7,058,358	-2%	3,484,154	10%	1,842,475	10%	15,103,015	2%
2005	2,959,062	9%	7,744,570	10%	3,155,640	-9%	1,674,956	-9%	15,534,228	3%
2006	3,175,093	7%	8,411,492	9%	3,625,404	15%	2,093,953	25%	17,305,943	11%
2007	3,324,320	5%	8,769,839	4%	3,974,303	10%	2,056,518	-2%	18,124,979	5%
2008	3,608,095	9%	9,285,558	6%	4,049,855	2%	2,181,316	6%	19,124,824	6%
2009	2,950,327	-18%	7,572,638	-18%	3,991,474	-1%	1,931,213	-11%	16,445,652	-14%
2010	3,575,375	21%	9,306,364	23%	6,385,471	60%	2,315,704	20%	21,582,914	31%
2011	4,698,986	31%	9,938,361	7%	8,901,044	39%	2,539,854	10%	26,078,247	21%
2012	4,908,284	4%	10,482,184	5%	9,405,832	6%	2,414,379	-5%	27,210,680	4%
2013	5,307,845	8%	11,395,906	9%	9,624,199	2%	2,389,031	-1%	28,716,982	6%
2014	5,643,580	6%	12,344,695	8%	10,004,053	4%	2,595,397	9%	30,587,726	7%
2015	6,075,990	8%	13,240,998	7%	10,653,854	6%	2,642,869	2%	32,613,711	7%
Average Annual										
Last 15 Years		6.7%		5.5%		10.7%		2.3%		6.5%
Last 10 years		8.2%		6.0%		14.3%		5.2%		8.3%
Last 5 years		11.6%		7.3%		11.6%		2.8%		8.8%

Source: District

Gross Tax Collection grew at an average annual rate of 6.5% over the last 15 years and 8.3% over the last ten years. These growth rates include the previously discussed tax rate increases.

The figure below shows the growth of Gross Tax Collections from 2000 through 2015.

FIGURE 4-9
SUMMARY OF DISTRICT TAX COLLECTIONS



The only decline in Gross Tax Collections occurred in 2009. The rapid growth in 2010 and 2011 was caused by the economic recovery and increased tax rates.

The following figure shows District Tax Distributions for January 2016 through April 2016 as compared to same period in 2015.

FIGURE 4-10
JANUARY THROUGH APRIL DISTRICT GROSS TAX DISTRIBUTIONS

Tax	2015	2016	% Change
Additional Room Tax	\$3,058,948	\$3,060,135	0.0%
Basic Room Tax	1,405,145	1,453,083	3.4%
F&B Tax	3,123,668	3,308,238	5.9%
Car Rental Tax	656,605	677,986	3.3%
Gross Tax Collections	\$8,244,365	\$8,499,442	3.1%

Source: District

Gross Tax Distributions grew at a 3.1% rate from January to April of 2016 as compared to same period in 2015.

5. Projection of District Tax Collections

Tax Projections

Historical District Taxes Collections, market trends, and inflation assumptions provide a basis for estimating future District Tax Collections.

The growth rate assumptions used by HVS are based on analysis of the tax base of each tax presented earlier in this study, coupled with trends in projected income and population. District officials report that there currently are no proposals for an increase in tax rates on any of District Taxes. Therefore, we based all of our tax projections upon current tax rates.

Act 60

The 2015 Wisconsin Act 60 ("Act 60"), after passage by the Senate and State Assembly, was signed into law on August 12, 2015, and became effective on August 14, 2015. Act 60 provides for financing and agreements relating to the development and construction of a basketball arena and related facilities ("Arena Facilities") in the City of Milwaukee. Act 60 authorizes the District to acquire, construct, and equip arena facilities or engage other persons to do so. On its effective date, Act 60 expanded the District's Board from 15 to 17 members and modified its composition.

Act 60 specifies that when the District's debt issued within its first five years or any debt issued to refund fund such debt, related to the District's existing exposition center facilities is retired, the District's current food and beverage tax for retailers under North American Industry Classification System (NAICS) sector 44-45, subsector 445 (food and beverage stores, primarily groceries) would be eliminated. Subsection 445 includes Industries in the food and beverage stores subsector that sell food and beverage merchandise from fixed point-of-sale locations. Establishments in this subsector have specialized equipment (e.g. freezers, refrigerated display cases, refrigerators) for displaying food and beverage goods. They have staff trained in the processing of food products to guarantee the proper storage and sanitary conditions required by regulatory authority. The District is required to notify DOR in the manner prescribed by the Department when such bonds and debt are retired. District Board, by a majority vote of its members, may reimpose the taxes on retailers engaged in a retail trade under NAICS sector 44-45, subsector 445. Taxes related to these retailers shall first be used only for the District's debt service on its bond obligations and after such obligations are retired, the District may use the taxes for any lawful purpose.

Tax Projections

The historical STR data for the County shows a 4.2% average growth of Gross Room Revenues for the last 15 years and a 5.4% for the last ten years. The historical STR data for the City shows a 4.4% average growth rate for the last 15 years and a 5.5% for the last ten years. This data supports the historical increase



shown in the Basic Room Tax and the Additional Room Tax over the last 15, ten, and five years in the following figure.

**FIGURE 5-1
HISTORICAL GROWTH RATES**

	Historical Growth Rate		
	Last 5 Years	Last 10 Years	Last 15 Years
Basic Room Tax*	6.34%	5.52%	4.86%
Additional Room Tax	7.31%	5.98%	5.47%
Food & Beverage*	4.57%	4.65%	4.65%
Car Rental	2.83%	5.19%	2.28%
* Growth rates based on the original tax rate			

Source: HVS

Inflation Assumptions

We reviewed historical increases in the Consumer Price Index (CPI-U). Due to the length of the tax projections contained in this study, the inflation rate should be considered from a long-term perspective.

**FIGURE 5-2
NATIONAL CONSUMER PRICE INDEX (ALL URBAN CONSUMERS)**

Year	National Consumer Price Index	Percent Change from Previous Year
2005	195.3	—
2006	201.6	3.2 %
2007	207.3	2.8
2008	215.3	3.8
2009	214.5	-0.4
2010	218.1	1.6
2011	224.9	3.1
2012	229.6	2.1
2013	233.0	1.5
2014	234.8	0.8
2015	236.5	0.7
Average Annual Compounded Change		
2005 - 2015:		1.9 %
2010 - 2015:		1.6

Source: Bureau of Labor Statistics

Between 2005 and 2015, the national CPI increased at an average annual compounded rate of 1.9%; from 2010 to 2015, the CPI rose by a slightly lower average annual compounded rate of 1.6%. In 2015, the CPI rose by 0.7%, decrease from the level of .8% recorded in 2014.



Assumptions about inflation rates underpin the tax projections in this study. The following table shows inflation estimates made by economists at some noted institutions and corporations.

**FIGURE 5-3
INFLATION ESTIMATES**

Name (Sample from Survey)	Firm	Projected Increase in Consumer Price Index (Annualized Rate Versus 12)				
		Dec 2015	June 2016	Dec 2016	June 2017	Dec 2017
Lewis Alexander	Nomura Securities International	0.8	0.9	1.9	2.2	2.2
Paul Ashworth	Capital Economics	0.6	2.1	2.4	2.5	2.7
Bernard Baumohl	Economic Outlook Group	0.6	1.2	1.6	2.2	2.7
Nariman Behraves	IHS Global Insight	0.4	0.7	2.7	3.2	3.6
David Berson	Nationwide Insurance	0.9	1.5	2.2	2.4	2.5
Brian Bethune	Tufts University	0.2	1.0	1.8	2.0	2.2
Ram Bhagavatula	Combinatorics Capital	1.2	2.4	2.4	2.4	2.4
Steven Blitz	ITG Investment Research	0.2	1.5	2.0	0.8	0.4
Beth Ann Bovino	Standard and Poor's	0.4	1.3	2.1	2.5	2.3
Michael Carey	Credit Agricole CIB	0.8	0.9	2.4	2.3	2.1
Joseph Carson	AllianceBernstein	0.7	1.5	2.3	2.5	2.5
Mike Cosgrove	Econoclast	0.6	2.1	2.4	2.3	2.2
Lou Crandall	Wrightson ICAP	0.8	1.3	2.3	2.3	2.4
David Crowe	National Association of Home Builders	0.9	1.6	1.9	2.0	2.1
J. Dewey Daane	Vanderbilt University	0.3	1.5	2.0	2.0	2.0
Greg Daco	Oxford Economics	0.5	1.9	2.4	2.0	1.9
Rajeev Dhawan	Georgia State University	0.1	1.2	2.3	2.4	2.4
Douglas Duncan	Fannie Mae	0.5	1.5	2.0	2.0	2.1
Robert Dye	Comerica Bank	0.7	1.9	2.3	2.2	2.1
Maria Fiorini Ramirez/Joshua Shapiro	MFR, Inc.	0.6	1.7	2.2	—	—
Mike Fratantoni	Mortgage Bankers Association	0.3	1.3	1.9	2.1	2.2
Michael Gapen	Barclays Capital	0.8	0.9	1.8	2.1	2.5
Michael Gregory	BMO Capital	0.9	1.4	2.4	2.3	2.3
Ethan Harris	Bank of America Securities	0.9	1.2	2.2	—	—
Maury Harris	UBS	0.6	1.1	2.2	2.9	2.3
Derek Holt	Scotiabank	0.6	1.4	2.2	2.3	2.2
Constance Hunter	KPMG	0.3	1.8	2.0	2.1	2.2
Nathaniel Karp	BBVA Compass	1.1	1.5	1.8	2.0	2.2
Jack Kleinhenz	National Retail Federation	0.7	1.6	2.1	2.3	2.4
Joseph LaVorgna	Deutsche Bank Securities, Inc.	0.9	1.8	2.0	2.3	2.4
Edward Leamer/David Shulman	UCLA Anderson Forecast	0.7	1.3	3.2	3.5	3.2
Don Leavens/Tim Gill	NEMA Business Information Services	0.2	1.0	1.9	2.2	2.3
Kevin Logan	HSBC Securities	0.7	1.1	2.0	2.1	2.2
John Lonski	Moody's Investors Service	0.7	0.8	1.5	1.6	1.7
Aneta Markowska	Societe Generale	0.3	1.3	2.9	3.4	2.7
Jim Meil	ACT Research	0.7	1.3	2.4	2.2	2.2
Robert Mellman	JP Morgan Chase & Co.	0.9	1.2	2.0	2.3	2.4
Michael Moran	Daiwa Capital	0.9	1.4	2.0	2.2	2.3
Chad Moutray	National Association of Manufacturers	0.6	1.8	2.4	2.7	2.8
Mark Nielson	MacroEcon Global Advisors	0.3	1.2	1.4	1.6	2.2
Jim O'Sullivan	High Frequency Economics	1.1	2.2	2.4	2.6	2.7
Lindsey Piegza	Stifel, Nicolaus and Company, Inc.	0.0	0.5	0.7	—	—
Tom Porcelli	RBC Capital	0.4	1.6	2.1	2.1	2.1
Russell Price	Ameriprise Financial	0.9	1.3	2.0	2.3	2.3
Arun Raha	Eaton Corp.	0.5	1.0	1.1	1.5	1.8
Lynn Reaser	Point Loma Nazarene University	0.8	1.1	1.7	2.0	2.1
Martin Regalia	Chamber of Commerce	0.8	1.8	1.9	1.9	1.8
Ian Shepherdson	Pantheon Macroeconomics	0.6	0.3	1.5	2.5	2.5
John Silvia	Wells Fargo & Co.	1.0	1.4	2.3	2.3	2.1
Allen Sinai	Decision Economics, Inc.	0.8	1.1	2.0	2.1	2.3
James F. Smith	Parsec Financial Management	0.2	1.0	1.4	1.6	1.7
Sean M. Snaith	University of Central Florida	0.1	0.8	2.1	2.2	2.4
Sung Won Sohn	California State University	1.8	1.6	1.6	1.5	1.7
Stephen Stanley	Pierpont Securities	0.9	1.5	2.8	3.2	3.3
Susan M. Sterne	Economic Analysis Associates Inc.	0.8	1.8	2.1	2.1	2.9
James Sweeney	CSFB	1.0	0.9	1.5	—	—
Kevin Swift	American Chemistry Council	0.5	1.5	2.3	2.5	2.3
Diane Swonk	Mesirow Financial	0.7	1.3	2.0	2.2	2.2
Carl Tannenbaum	The Northern Trust	1.1	1.3	1.8	1.9	1.9
US Economics Team	BNP Paribas	0.9	1.3	2.6	2.3	2.1
Bart van Ark	The Conference Board	1.1	1.6	2.0	—	—
Brian S. Wesbury/ Robert Stein	First Trust Advisors, L.P.	1.1	2.0	2.5	2.7	2.8
William T. Wilson	The Heritage Foundation	0.2	0.4	0.6	0.7	1.0
Lawrence Yun	National Association of Realtors	0.0	2.2	2.6	3.0	3.0
Averages:		0.7	1.4	2.1	2.2	2.3
		%	%	%	%	%

Source: Wall Street Journal Economic Forecasting Survey, December 2015

As the preceding table indicates, the financial analysts who were surveyed in December of 2015 anticipated inflation rates ranging from 0.3% to 2.4% (on an annualized basis) for June 2016; the average of these data points was 1.4%. The same group expects a similar, annualized 2.1% inflation rate for December 2016. These rates are lower than the inflation rate averages of June 2017 and December 2017, shown at 2.2% and 2.3%, respectively

The 10-year CPI inflation expectations from the Philadelphia Fed's *Livingston Survey* taken in December of 2015 forecasts a 2.3% average annual increase in the CPI. The Philadelphia Fed's Survey of Professional Forecasters, the INFCPI10YR, conducted in the first quarter of 2016 forecasted a 2.12% average annual increase in the CPI for the next ten years.

In consideration of the most recent trends, the projections set forth previously we project a long-term ADR increase of 2.5%.

Room Tax Projections

Basic and Additional Room Tax revenue projections are based on estimates of growth in accommodated room-night demand and effective average daily room rate ("EDR"). The sum of these growth rates equals the expected growth rate in room tax revenues.

Based on historical data presented earlier in this study, HVS projects a modest increase in demand growth of 1.5% for the County and 1.5% for the City. In addition, historical data indicate that EDR could increase by 2.5% in the County and 2.5% in the City. The two figures below shows the demand growth, EDRs, and EDR growth rate estimated by HVS to predict future tax collections

Supporting the expected growth in room revenues is the continued growth in the local hotel market. STR reports four hotels under construction with a total of 473 rooms which will increase the supply of hotel rooms in the County by over 4.0%.

**FIGURE 5-4
PROJECTION OF GROSS
BASIC ROOM TAX COLLECTIONS**

Calendar Year	Basic Room Tax of 2.5%	Projected Annual Increase	County Taxable Room Revenues	Occupied Room Nights	Projected Annual Increase	EDR	EDR Growth Rate
2015 (Actual)	\$6,075,990		\$243,039,602	2,533,400		\$95.93	
2016	6,319,000	4.00%	252,760,000	2,571,000	1.5%	98.31	2.5%
2017	6,572,000	4.00%	262,880,000	2,610,000	1.5%	100.72	2.5%
2018	6,818,000	3.75%	272,720,000	2,643,000	1.3%	103.19	2.5%
2019	7,074,000	3.75%	282,960,000	2,676,000	1.3%	105.74	2.5%
2020	7,322,000	3.50%	292,880,000	2,703,000	1.0%	108.35	2.5%
2021	7,578,000	3.50%	303,120,000	2,730,000	1.0%	111.03	2.5%
2022	7,843,000	3.50%	313,720,000	2,757,000	1.0%	113.79	2.5%
2023	8,118,000	3.50%	324,720,000	2,785,000	1.0%	116.60	2.5%
2024	8,402,000	3.50%	336,080,000	2,813,000	1.0%	119.47	2.5%
2025	8,696,000	3.50%	347,840,000	2,841,000	1.0%	122.44	2.5%
2026	9,000,000	3.50%	360,000,000	2,869,000	1.0%	125.48	2.5%
2027	9,315,000	3.50%	372,600,000	2,898,000	1.0%	128.57	2.5%
2028	9,641,000	3.50%	385,640,000	2,927,000	1.0%	131.75	2.5%
2029	9,978,000	3.50%	399,120,000	2,956,000	1.0%	135.02	2.5%
2030	10,327,000	3.50%	413,080,000	2,986,000	1.0%	138.34	2.5%
2031	10,688,000	3.50%	427,520,000	3,016,000	1.0%	141.75	2.5%
2032	11,062,000	3.50%	442,480,000	3,046,000	1.0%	145.27	2.5%
2033	11,449,000	3.50%	457,960,000	3,076,000	1.0%	148.88	2.5%
2034	11,850,000	3.50%	474,000,000	3,107,000	1.0%	152.56	2.5%
2035	12,265,000	3.50%	490,600,000	3,138,000	1.0%	156.34	2.5%
2036	12,694,000	3.50%	507,760,000	3,169,000	1.0%	160.23	2.5%
2037	13,138,000	3.50%	525,520,000	3,201,000	1.0%	164.17	2.5%
2038	13,598,000	3.50%	543,920,000	3,233,000	1.0%	168.24	2.5%
2039	14,074,000	3.50%	562,960,000	3,265,000	1.0%	172.42	2.5%
2040	14,567,000	3.50%	582,680,000	3,298,000	1.0%	176.68	2.5%
2041	15,077,000	3.50%	603,080,000	3,331,000	1.0%	181.05	2.5%
2042	15,605,000	3.50%	624,200,000	3,364,000	1.0%	185.55	2.5%
2043	16,151,000	3.50%	646,040,000	3,398,000	1.0%	190.12	2.5%
2044	16,716,000	3.50%	668,640,000	3,432,000	1.0%	194.83	2.5%
2045	17,301,000	3.50%	692,040,000	3,466,000	1.0%	199.67	2.5%
2046	17,907,000	3.50%	716,280,000	3,501,000	1.0%	204.59	2.5%
		3.55%	Average Annual		1.05%		2.5%

Source: HVS

FIGURE 5-5
PROJECTION OF GROSS
ADDITIONAL ROOM TAX COLLECTIONS

Calendar Year	Additional Room Tax of 7%	Projected Annual Increase	City Taxable Room Revenues	Occupied Room Nights	Projected Annual Increase	EDR	EDR Growth Rate
2015 (Actual)	\$13,240,998		\$189,157,111	1,920,850		\$98.48	
2016	13,771,000	4.00%	196,729,000	1,950,000	1.5%	100.89	2.5%
2017	14,322,000	4.00%	204,600,000	1,979,000	1.5%	103.39	2.5%
2018	14,859,000	3.75%	212,271,000	2,004,000	1.3%	105.92	2.5%
2019	15,416,000	3.75%	220,229,000	2,029,000	1.3%	108.54	2.5%
2020	15,956,000	3.50%	227,943,000	2,049,000	1.0%	111.25	2.5%
2021	16,514,000	3.50%	235,914,000	2,069,000	1.0%	114.02	2.5%
2022	17,092,000	3.50%	244,171,000	2,090,000	1.0%	116.83	2.5%
2023	17,690,000	3.50%	252,714,000	2,111,000	1.0%	119.71	2.5%
2024	18,309,000	3.50%	261,557,000	2,132,000	1.0%	122.68	2.5%
2025	18,950,000	3.50%	270,714,000	2,153,000	1.0%	125.74	2.5%
2026	19,613,000	3.50%	280,186,000	2,175,000	1.0%	128.82	2.5%
2027	20,299,000	3.50%	289,986,000	2,197,000	1.0%	131.99	2.5%
2028	21,009,000	3.50%	300,129,000	2,219,000	1.0%	135.25	2.5%
2029	21,744,000	3.50%	310,629,000	2,241,000	1.0%	138.61	2.5%
2030	22,505,000	3.50%	321,500,000	2,263,000	1.0%	142.07	2.5%
2031	23,293,000	3.50%	332,757,000	2,286,000	1.0%	145.56	2.5%
2032	24,108,000	3.50%	344,400,000	2,309,000	1.0%	149.16	2.5%
2033	24,952,000	3.50%	356,457,000	2,332,000	1.0%	152.85	2.5%
2034	25,825,000	3.50%	368,929,000	2,355,000	1.0%	156.66	2.5%
2035	26,729,000	3.50%	381,843,000	2,379,000	1.0%	160.51	2.5%
2036	27,665,000	3.50%	395,214,000	2,403,000	1.0%	164.47	2.5%
2037	28,633,000	3.50%	409,043,000	2,427,000	1.0%	168.54	2.5%
2038	29,635,000	3.50%	423,357,000	2,451,000	1.0%	172.73	2.5%
2039	30,672,000	3.50%	438,171,000	2,476,000	1.0%	176.97	2.5%
2040	31,746,000	3.50%	453,514,000	2,501,000	1.0%	181.33	2.5%
2041	32,857,000	3.50%	469,386,000	2,526,000	1.0%	185.82	2.5%
2042	34,007,000	3.50%	485,814,000	2,551,000	1.0%	190.44	2.5%
2043	35,197,000	3.50%	502,814,000	2,577,000	1.0%	195.12	2.5%
2044	36,429,000	3.50%	520,414,000	2,603,000	1.0%	199.93	2.5%
2045	37,704,000	3.50%	538,629,000	2,629,000	1.0%	204.88	2.5%
2046	39,024,000	3.50%	557,486,000	2,655,000	1.0%	209.98	2.5%
Average Annual		3.55%			1.05%		2.5%

Source: HVS

In the short term, we have assumed growth rates of 4.0 percent in 2016 and 2017 and 3.75% in 2018 and 2019 as recovery from the recession slows. In the long-run, a competitive lodging market should achieve equilibrium between supply and demand. Throughout the life of the tax, supply has grown at approximately 1.1%. Over the same period, occupied room nights have grown at a 1.3% annual rate. These growth rates indicate the real underlying growth rate of the lodging market.

Consequently, we assume a 1.0% growth in demand and supply from 2021 to 2046. Based on our review of inflation estimates, we project at 2.5% inflation long-term growth in EDR. The combined growth in the lodging market and inflation of EDR would cause taxable room revenue to grow at an annual rate of 3.5% in 2021 and thereafter.

Food & Beverage Tax Projections

The projections assume growth rates for the following reasons:

- Low future population growth estimated in the County and continued out-migration of the population to neighboring counties is likely to hold down growth in demand for food and beverage items.
- Historical data showed strong annual growth rates.
- As required by Act 60 and starting in 2033 and assuming the Board does not reimpose the tax, we removed the taxable revenues from food and beverage stores from the tax base. DOR provided a breakdown of tax collections for NAICS sub-sector 455. See the figure below.

▪ **FIGURE 5-6**
SUB-SECTION 445 TAX COLLECTIONS

Year	Total	Sub-sector 445	% of Total
CY 2014	\$9,883,397	\$697,743	7.1%
CY 2015	\$10,420,552	\$697,743	6.7%

Source: DOR

Based on this historical data, we project that in 2033, the food and beverage tax base would decrease by 7.0%.

The figure below shows the projected rate of growth in Gross F&B Tax Collections as determined by HVS.

FIGURE 5-7
PROJECTION OF GROSS FOOD & BEVERAGE TAX COLLECTIONS

Calendar Year	Taxable Revenues	Tax Rate	F&B Tax	Projected Annual Increase
2015 (Actual)	\$2,130,770,794	0.5%	\$10,653,854	
2016	2,194,600,000	0.5%	10,973,000	3.0%
2017	2,260,400,000	0.5%	11,302,000	3.0%
2018	2,328,200,000	0.5%	11,641,000	3.0%
2019	2,398,000,000	0.5%	11,990,000	3.0%
2020	2,470,000,000	0.5%	12,350,000	3.0%
2021	2,544,200,000	0.5%	12,721,000	3.0%
2022	2,620,600,000	0.5%	13,103,000	3.0%
2023	2,699,200,000	0.5%	13,496,000	3.0%
2024	2,780,200,000	0.5%	13,901,000	3.0%
2025	2,863,600,000	0.5%	14,318,000	3.0%
2026	2,949,600,000	0.5%	14,748,000	3.0%
2027	3,038,000,000	0.5%	15,190,000	3.0%
2028	3,129,200,000	0.5%	15,646,000	3.0%
2029	3,223,000,000	0.5%	16,115,000	3.0%
2030	3,319,600,000	0.5%	16,598,000	3.0%
2031	3,419,200,000	0.5%	17,096,000	3.0%
2032	3,521,800,000	0.5%	17,609,000	3.0%
2033 *	3,373,600,000	0.5%	16,868,000	-4.2%
2034	3,474,800,000	0.5%	17,374,000	3.0%
2035	3,579,000,000	0.5%	17,895,000	3.0%
2036	3,686,400,000	0.5%	18,432,000	3.0%
2037	3,797,000,000	0.5%	18,985,000	3.0%
2038	3,911,000,000	0.5%	19,555,000	3.0%
2039	4,028,400,000	0.5%	20,142,000	3.0%
2040	4,149,200,000	0.5%	20,746,000	3.0%
2041	4,273,600,000	0.5%	21,368,000	3.0%
2042	4,401,800,000	0.5%	22,009,000	3.0%
2043	4,533,800,000	0.5%	22,669,000	3.0%
2044	4,669,800,000	0.5%	23,349,000	3.0%
2045	4,809,800,000	0.5%	24,049,000	3.0%
2046	4,954,000,000	0.5%	24,770,000	3.0%
			Average Annual	2.8%

* Taxable revenues reduced by an estimated 7% due to Act 60.

Source: HVS

Rental Car Tax Projections

The figure below shows the growth rate assumptions and an estimate of Gross Rental Car Tax Collections.

FIGURE 5-8
PROJECTION OF GROSS LOCAL RENTAL CAR TAX COLLECTIONS

Calendar Year	Taxable Revenues	Tax Rate	Local Rental Car Tax	Projected Annual Increase
2015 (Actual)	\$88,095,632	3.0%	\$2,642,869	
2016	90,300,000	3.0%	2,709,000	2.5%
2017	92,567,000	3.0%	2,777,000	2.5%
2018	94,867,000	3.0%	2,846,000	2.5%
2019	97,233,000	3.0%	2,917,000	2.5%
2020	99,667,000	3.0%	2,990,000	2.5%
2021	102,167,000	3.0%	3,065,000	2.5%
2022	104,733,000	3.0%	3,142,000	2.5%
2023	107,367,000	3.0%	3,221,000	2.5%
2024	110,067,000	3.0%	3,302,000	2.5%
2025	112,833,000	3.0%	3,385,000	2.5%
2026	115,667,000	3.0%	3,470,000	2.5%
2027	118,567,000	3.0%	3,557,000	2.5%
2028	121,533,000	3.0%	3,646,000	2.5%
2029	124,567,000	3.0%	3,737,000	2.5%
2030	127,667,000	3.0%	3,830,000	2.5%
2031	130,867,000	3.0%	3,926,000	2.5%
2032	134,133,000	3.0%	4,024,000	2.5%
2033	137,500,000	3.0%	4,125,000	2.5%
2034	140,933,000	3.0%	4,228,000	2.5%
2035	144,467,000	3.0%	4,334,000	2.5%
2036	148,067,000	3.0%	4,442,000	2.5%
2037	151,767,000	3.0%	4,553,000	2.5%
2038	155,567,000	3.0%	4,667,000	2.5%
2039	159,467,000	3.0%	4,784,000	2.5%
2040	163,467,000	3.0%	4,904,000	2.5%
2041	167,567,000	3.0%	5,027,000	2.5%
2042	171,767,000	3.0%	5,153,000	2.5%
2043	176,067,000	3.0%	5,282,000	2.5%
2044	180,467,000	3.0%	5,414,000	2.5%
2045	184,967,000	3.0%	5,549,000	2.5%
2046	189,600,000	3.0%	5,688,000	2.5%
			Average Annual	2.5%

Source: HVS

In 2015, the \$81.6 million in estimated rental car receipts at General Mitchell International Airport provided nearly all of the 2015 taxable revenues of \$88.1 million

The figure below summarizes the projection of Gross District Taxes Collections for the period 2016 through 2046.

**FIGURE 5-9
SUMMARY OF PROJECTED GROSS TAX COLLECTIONS (000'S)**

Calendar Year	Basic Room Tax	Additional Room Tax	F&B Tax	Local Car Rental Tax	Total Tax
2015 (Actual)	\$6,076	\$13,241	\$10,654	\$2,643	\$32,614
2016	6,319	13,771	10,973	2,709	33,772
2017	6,572	14,322	11,302	2,777	34,973
2018	6,818	14,859	11,641	2,846	36,164
2019	7,074	15,416	11,990	2,917	37,397
2020	7,322	15,956	12,350	2,990	38,618
2021	7,578	16,514	12,721	3,065	39,878
2022	7,843	17,092	13,103	3,142	41,180
2023	8,118	17,690	13,496	3,221	42,525
2024	8,402	18,309	13,901	3,302	43,914
2025	8,696	18,950	14,318	3,385	45,349
2026	9,000	19,613	14,748	3,470	46,831
2027	9,315	20,299	15,190	3,557	48,361
2028	9,641	21,009	15,646	3,646	49,942
2029	9,978	21,744	16,115	3,737	51,574
2030	10,327	22,505	16,598	3,830	53,260
2031	10,688	23,293	17,096	3,926	55,003
2032	11,062	24,108	17,609	4,024	56,803
2033	11,449	24,952	16,868	4,125	57,394
2034	11,850	25,825	17,374	4,228	59,277
2035	12,265	26,729	17,895	4,334	61,223
2036	12,694	27,665	18,432	4,442	63,233
2037	13,138	28,633	18,985	4,553	65,309
2038	13,598	29,635	19,555	4,667	67,455
2039	14,074	30,672	20,142	4,784	69,672
2040	14,567	31,746	20,746	4,904	71,963
2041	15,077	32,857	21,368	5,027	74,329
2042	15,605	34,007	22,009	5,153	76,774
2043	16,151	35,197	22,669	5,282	79,299
2044	16,716	36,429	23,349	5,414	81,908
2045	17,301	37,704	24,049	5,549	84,603
2046	17,907	39,024	24,770	5,688	87,389

Source: HVS

Conclusion

The following figure shows that that by 2046, Total Gross Tax Collections will be approximately \$87.4 million. The District is expected to net approximately \$87.0 million, once the Net Administrative Fees are taken by the DOR. The estimated Total Gross Tax Collections, Net Administrative Fees paid to the Wisconsin Department of Revenue, and the District Tax Collections dispersed to the Wisconsin Center District for the study period are shown in the figure below.

FIGURE 5-10
PROJECTION OF DISTRICT TAX COLLECTIONS (000'S)

Calendar Year	Gross Tax Collections	Less Administrative Fees 2.55%	Plus Administrative Fees Rebate 81.4%	District Tax Collections	Projected Annual Increase
2015 (Actual)	\$32,614	(\$832)	\$677	\$32,459	
2016	33,772	(861)	701	33,612	3.55%
2017	34,973	(892)	726	34,807	3.56%
2018	36,164	(922)	751	35,992	3.41%
2019	37,397	(954)	776	37,220	3.41%
2020	38,618	(985)	802	38,435	3.26%
2021	39,878	(1,017)	828	39,689	3.26%
2022	41,180	(1,050)	855	40,985	3.26%
2023	42,525	(1,084)	883	42,323	3.27%
2024	43,914	(1,120)	911	43,706	3.27%
2025	45,349	(1,156)	941	45,134	3.27%
2026	46,831	(1,194)	972	46,609	3.27%
2027	48,361	(1,233)	1,004	48,132	3.27%
2028	49,942	(1,274)	1,037	49,705	3.27%
2029	51,574	(1,315)	1,070	51,329	3.27%
2030	53,260	(1,358)	1,105	53,007	3.27%
2031	55,003	(1,403)	1,142	54,742	3.27%
2032	56,803	(1,448)	1,179	56,534	3.27%
2033	57,394	(1,464)	1,191	57,122	1.04%
2034	59,277	(1,512)	1,230	58,996	3.28%
2035	61,223	(1,561)	1,271	60,933	3.28%
2036	63,233	(1,612)	1,312	62,933	3.28%
2037	65,309	(1,665)	1,356	64,999	3.28%
2038	67,455	(1,720)	1,400	67,135	3.29%
2039	69,672	(1,777)	1,446	69,341	3.29%
2040	71,963	(1,835)	1,494	71,622	3.29%
2041	74,329	(1,895)	1,543	73,976	3.29%
2042	76,774	(1,958)	1,594	76,410	3.29%
2043	79,299	(2,022)	1,646	78,923	3.29%
2044	81,908	(2,089)	1,700	81,519	3.29%
2045	84,603	(2,157)	1,756	84,202	3.29%
2046	87,389	(2,228)	1,814	86,974	3.29%
				Average Annual	3.23%

Source: HVS



6. Debt Service Coverage and Risks

Under the current Authorizing Legislation, the Wisconsin Department of Revenue (“DOR”) is responsible for collecting the revenues on behalf of the District. Under an agreement between the District and the DOR, the DOR has agreed to remit the net amount collected, less the statutory deduction, by the 20th day of the month following the month in which the department collected the taxes.

The difference in District Tax Collections and District Tax Distributions available for debt service results from a three-month lag between the month of liability for a lodging facility subject to the tax and the month a distribution would be available for debt service during any given Bond Year. The figure below compares DOR collections with District Tax Distributions on a Bond Year basis for the latest calendar year.

FIGURE 6-1
COMPARISON OF DISTRICT TAX COLLECTIONS
AND DISTRICT TAX DISTRIBUTION BY BOND YEAR

Calendar Year	District Tax Collections	Bond Year	District Tax Distributions for a Bond Year ended 12/15	Distribution % of Liability
2015	\$32,613,711	2015	\$32,548,170	99.80%

Source: District

Debt Coverage Ratios

The figure below presents the projections of the total amounts of tax revenue available for debt service, after Administrative Fees and Administration Fees Rebate, in each year of the life of the bonds. HVS converted the Net District Taxes to available District Revenues by accounting for the three-month lag between District Tax Collections and Bond Year.

FIGURE 6-2
AVAILABLE DISTRICT REVENUES BY BOND YEAR (000'S)

Bond Year	Gross Distributions					Rebated Administrative Fees of 81.4%	Available District Revenues
	Basic Room Tax	Additional Room Tax	F&B Tax	Local Rental Car Tax	Administrative Fees 2.55%		
2015 (Actual)	\$6,064	\$13,214	\$10,632	\$2,638	(\$830)	\$676	\$32,394
2016	6,306	13,743	10,951	2,704	(859)	700	33,544
2017	6,559	14,293	11,279	2,771	(890)	724	34,737
2018	6,804	14,829	11,618	2,840	(920)	749	35,920
2019	7,060	15,385	11,966	2,911	(952)	775	37,145
2020	7,307	15,924	12,325	2,984	(983)	800	38,358
2021	7,563	16,481	12,695	3,059	(1,015)	826	39,609
2022	7,827	17,058	13,077	3,136	(1,048)	853	40,902
2023	8,102	17,654	13,469	3,215	(1,082)	881	42,238
2024	8,385	18,272	13,873	3,295	(1,118)	910	43,618
2025	8,679	18,912	14,289	3,378	(1,154)	939	45,043
2026	8,982	19,574	14,718	3,463	(1,192)	970	46,515
2027	9,296	20,258	15,159	3,550	(1,231)	1,002	48,035
2028	9,622	20,967	15,615	3,639	(1,271)	1,035	49,605
2029	9,958	21,700	16,083	3,729	(1,312)	1,068	51,226
2030	10,306	22,460	16,565	3,822	(1,355)	1,103	52,901
2031	10,667	23,246	17,062	3,918	(1,400)	1,139	54,632
2032	11,040	24,060	17,574	4,016	(1,446)	1,177	56,420
2033	11,426	24,902	16,834	4,117	(1,461)	1,189	57,007
2034	11,826	25,773	17,339	4,220	(1,509)	1,228	58,877
2035	12,240	26,675	17,859	4,325	(1,558)	1,268	60,810
2036	12,668	27,609	18,395	4,433	(1,609)	1,310	62,807
2037	13,112	28,575	18,947	4,544	(1,662)	1,353	64,869
2038	13,571	29,575	19,516	4,658	(1,717)	1,397	67,000
2039	14,046	30,610	20,102	4,774	(1,773)	1,443	69,202
2040	14,538	31,682	20,704	4,894	(1,831)	1,491	71,478
2041	15,047	32,791	21,325	5,017	(1,892)	1,540	73,828
2042	15,574	33,939	21,965	5,143	(1,954)	1,590	76,256
2043	16,119	35,126	22,623	5,271	(2,018)	1,643	78,764
2044	16,682	36,356	23,302	5,403	(2,084)	1,697	81,356
2045	17,266	37,628	24,001	5,538	(2,153)	1,752	84,032
2046	17,871	38,946	24,720	5,677	(2,224)	1,810	86,800

Source: HVS

The figure below presents the projections of the total amounts of tax revenue available for debt service after net Administrative Fees in each year of the life of the bonds and the amounts of aggregate debt service.

FIGURE 6-3
AGGREGATE DEBT SERVICE COVERAGE RATIOS (000'S)

Bond Year	Available District Revenues	Existing Debt Service	Proposed Debt Service* ¹	Aggregate Debt Service ¹	Available to District	Annual Coverage
2016	\$33,544	\$19,581	\$1,320	\$20,901	\$12,643	1.60
2017	34,737	20,362	1,286	21,648	13,089	1.60
2018	35,920	21,159	1,268	22,427	13,493	1.60
2019	37,145	22,005	1,234	23,239	13,906	1.60
2020	38,358	22,894	924	23,817	14,540	1.61
2021	39,609	23,810	431	24,240	15,369	1.63
2022	40,902	24,243	0	24,243	16,659	1.69
2023	42,238	24,235	0	24,235	18,003	1.74
2024	43,618	24,239	0	24,239	19,379	1.80
2025	45,043	24,233	0	24,233	20,810	1.86
2026	46,515	24,238	0	24,238	22,277	1.92
2027	48,035	24,236	0	24,236	23,799	1.98
2028	49,605	11,350	3,710	15,060	34,545	3.29
2029	51,226	11,352	3,705	15,057	36,169	3.40
2030	52,901	11,351	3,710	15,061	37,840	3.51
2031	54,632	11,351	3,705	15,056	39,576	3.63
2032	56,420	11,353	3,705	15,058	41,362	3.75
2033	57,007	0	15,060	15,060	41,947	3.79
2034	58,877	0	15,060	15,060	43,817	3.91
2035	60,810	0	15,060	15,060	45,750	4.04
2036	62,807	0	15,060	15,060	47,747	4.17
2037	64,869	0	15,060	15,060	49,809	4.31
2038	67,000	0	15,060	15,060	51,940	4.45
2039	69,202	0	15,060	15,060	54,142	4.60
2040	71,478	0	15,060	15,060	56,418	4.75
2041	73,828	0	15,060	15,060	58,768	4.90
2042	76,256	0	15,060	15,060	61,196	5.06
2043	78,764	0	15,060	15,060	63,704	5.23
2044	81,356	0	15,060	15,060	66,296	5.40
2045	84,032	0	15,060	15,060	68,972	5.58
2046	86,800	0	15,060	15,060	71,740	5.76

* R.W. Baird & Co.

¹ calculated in accordance with the terms and provisions of the General Resolution

Sources: District and HVS

Aggregate debt service coverage would range from 1.60 to 5.76. HVS concludes that it is reasonable to expect that sufficient District Tax Distributions will be available to pay debt service throughout the life of the bonds.



District Operational Expenses

The primary convention venue in Milwaukee, the Wisconsin Center offers over 265,000 square feet of function space. The District developed the Wisconsin Center, which opened in phases in 1998 and 2000. The District operates the Wisconsin Center along with the adjacent UW-Milwaukee Panther Arena (formerly U.S. Cellular Arena) and the Milwaukee Theatre through an in-house staff with responsibility for all aspects of the three venues' operations.

HVS developed demand and financial projections for District operations based on the following research and analysis.

- Historical demand and financial data provided by the District,
- Key market and economic indicators presented above,
- An analysis of competitive venues and markets, and
- Industry data and trend reports.

In addition, HVS considered the following material changes to the District's operations when projecting future event demand and financial operations.

- The Milwaukee Admirals of the American Hockey League will move their operations from the Bradley Center to the Panther Arena. The Admirals will begin play in the Panther Arena at the start of the 2016-17 season.
- The Bradley Center will close and the new Bucks Arena will open during the fall of 2018.
- The District will receive an annual lease payment from the Milwaukee Bucks based on a specified payment schedule.
- The District will incur additional costs associated with the Bucks Arena, including additional insurance premiums, staffing costs associated with inspections and reviews of Bucks Arena operations and capital maintenance, and other costs associated with the administration of the ticket surcharge and lease payments.

We projected future operating revenues and expenses associated with the operation of the District's three venues. Projections indicate that operating revenues are insufficient to cover all operating expenses. Unrestricted District Tax Distributions would be used to cover operating losses.

In addition to funding annual operations, the District must make additional deposits to a Capital Maintenance Account. The General Resolution, defines this required deposit as (a) in the Bond Year ending December 15, 2000, \$650,000, and (b) in each subsequent Bond Year, 103% of the deposit requirement of the previous Bond Year.

Each year, the District identifies necessary capital maintenance projects at each of the three venues and approves a budget for actual capital maintenance expenditures. The actual funding required to fulfill the approved Capital Maintenance projects may be greater than the required deposit into the Capital Maintenance Account. For the purpose of this analysis, the deposit requirements shown in the following table represent the deposits mandated by the General Resolution.

Visit Milwaukee is a private, nonprofit corporation with a mission to market Milwaukee as a destination for conventions, groups, and tourists. Visit Milwaukee receives 82 percent of its funding from the District, from receipt of its Additional Room Taxes. Visit Milwaukee supplements this funding with revenues from partnership dues, advertising, and other services.

The District and Visit Milwaukee book groups into the District's facilities under a sales agreement which identifies the services provided by Visit Milwaukee, the booking procedures, and the method for calculating Visit Milwaukee's base and incentive compensation. The current sales agreement runs through 2018. The amount of compensation paid to Visit Milwaukee is calculated as percentages of the Basic Room Tax and Additional Room Tax, but payments are made from available Unrestricted Tax Revenue (the Additional Room Tax). Visit Milwaukee incentive package includes specified goals for the generation of room nights, room rental revenues, and food and beverage revenues. In preparing a projection for the cost of Visit Milwaukee's operations, HVS calculated base compensation assuming that the funding formula found in the current sales agreement continues for the life of the projection. HVS estimated the incentive compensation based on the average incentive received for the past several years. But, we cannot predict the outcome of future negotiations between the District and Visit Milwaukee and we make no assurances that the existing compensation scheme will remain in place during the projection period.

The District would have future unallocated funds as shown in the following figure. We assume a portion of those funds may need to be retained in a Restricted Revenue Account for the payment of future debt service.

The following figure shows Remaining Available District Revenues after: 1) payment of aggregate debt service including the proposed new bonds, 2) District Operating Income (Loss), 3) required Capital Maintenance Account deposits, 4) payments to Visit Milwaukee.

FIGURE 6-4
CALCULATION OF REMAINING AVAILABLE DISTRICT REVENUE (000'S)

Bond Year	District Tax Revenues Available after Payment of Debt Service	District Operations Income (Loss)	District Capital Maintenance Deposit	Payment to Visit Milwaukee	Remaining Available District Revenue
2016	\$12,643	(\$785)	(\$1,043)	(\$7,638)	\$3,177
2017	13,089	(652)	(1,074)	(7,931)	3,432
2018	13,493	(410)	(1,107)	(8,217)	3,759
2019	13,906	(669)	(1,140)	(8,514)	3,583
2020	14,540	(803)	(1,174)	(8,802)	3,762
2021	15,369	(803)	(1,209)	(9,099)	4,257
2022	16,659	(806)	(1,245)	(9,407)	5,201
2023	18,003	(849)	(1,283)	(9,726)	6,145
2024	19,379	(894)	(1,321)	(10,056)	7,108
2025	20,810	(940)	(1,361)	(10,397)	8,113
2026	22,277	(979)	(1,402)	(10,750)	9,146
2027	23,799	(1,020)	(1,444)	(11,116)	10,220
2028	34,545	(1,069)	(1,487)	(11,494)	20,495
2029	36,169	(1,120)	(1,532)	(11,886)	21,632
2030	37,840	(1,172)	(1,578)	(12,291)	22,800
2031	39,576	(1,216)	(1,625)	(12,711)	24,024
2032	41,362	(1,262)	(1,674)	(13,145)	25,281
2033	41,947	(1,318)	(1,724)	(13,595)	25,310
2034	43,817	(1,375)	(1,776)	(14,060)	26,606
2035	45,750	(1,434)	(1,829)	(14,542)	27,946
2036	47,747	(1,484)	(1,884)	(15,041)	29,338
2037	49,809	(1,536)	(1,940)	(15,556)	30,776
2038	51,940	(1,599)	(1,999)	(16,090)	32,252
2039	54,142	(1,664)	(2,059)	(16,643)	33,777
2040	56,418	(1,730)	(2,120)	(17,215)	35,352
2041	58,768	(1,787)	(2,184)	(17,807)	36,990
2042	61,196	(1,845)	(2,249)	(18,420)	38,681
2043	63,704	(1,917)	(2,317)	(19,054)	40,416
2044	66,296	(1,990)	(2,386)	(19,711)	42,209
2045	68,972	(2,065)	(2,458)	(20,390)	44,059
2046	71,740	(2,142)	(2,532)	(21,093)	45,973

Sources: District and HVS

HVS concludes that it is reasonable to expect that sufficient District Tax Distributions will be available to cover the operating losses of the District and the required deposits to the Capital Maintenance Account. After payment to Visit Milwaukee, Remaining Available District Revenues are expected to be approximately \$3.18 million dollars in 2016 and growing thereafter.



Risk Factors

These projections of District Tax Distributions and District Tax Collections are based on a series of assumptions about future growth in hotel supply, demand, and price as well as food and beverage sales and rental car sales. Actual events and circumstances may differ from these assumptions, and these differences may have a material effect on the availability of funds.

All projections are subject to a variety of known and unknown risks. Several of the most important known potential risk factors that could significantly affect revenue projections are described below.

Market Risk

The amount of Basic and Additional Room Tax Collection depends on the long-term growth of the local and national economies. Economic growth lower than the rates of growth assumed in this projection would decrease spending for hotel rooms and thereby cause the Room Taxes to produce less revenue than the projected amounts. Lower comparative economic growth could also adversely impact food and beverage sales resulting in lower than predicted Food and Beverage Tax Collections to the District. Fewer travelers could result in lower than expected Rental Car Tax Collections.

Spending on business travel and leisure is particularly sensitive to changes in economic conditions. Historically, business travel is curtailed during recessions and spending on hotels and auto rentals may fail to grow, or may even decline. The effect of the business cycle on individual business and leisure travel has historically caused volatility in hotel revenues. Since the timing of business cycles cannot be predicted, the projections assume a steady rate of long-term growth. Even if the projected long-term growth rates materialize, annual revenues are likely to be greater or less than the annual projections, depending on the phase of the business cycle. Fluctuations in business travel will also impact rental car receipts. As business travel through the General Mitchell International Airport ebb and flow, Rental Car Tax Collections are expected to follow a similar pattern.

Geopolitical Risks

Geopolitical risks comprise another category of potential events that could have negative impacts on Room Tax Receipts. The terrorist attacks in September 2001 produced a sharp, but temporary, decline in hotel demand throughout the US as well as in food and beverage sales and auto rentals. Geopolitical risks are real. Unfortunately, they are almost impossible to predict.

Inflation Risk

The projections are based on certain assumptions regarding future inflation rates. Long-term inflation growth at the rates assumed for these projections cannot be assured.

Long-Term Future of Business Travel

Long-term changes in communications technology and methods of information exchange may reduce the amount of future business travel. Such a long-term reduction could reduce spending on hotels and thereby reduce the amounts of projected Room Tax Receipts.



7. Statement of Assumptions and Limiting Conditions

This study is to be used in whole and not in part.

We assume no responsibility for matters of a legal nature.

All information, historical data, financial statements, estimates, and opinions obtained from parties not employed by HVS Convention, Sports & Entertainment Facilities Consulting, are assumed to be true and correct. We can assume no liability resulting from misinformation.

We are not required to give testimony or attendance in court or other public forum by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.

If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this study, it is recommended that the reader contacts us.

We take no responsibility for any events or circumstances that take place subsequent to either the date of our estimate or the date of our field inspection, whichever occurs first.

In the interest of simplicity, many numbers have been rounded. Thus, these figures may be subject to small rounding errors.

It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this study by third parties shall be solely at the risk of the client and/or third parties. The use of this study is also subject to the terms and conditions set forth in our engagement letter with the client.

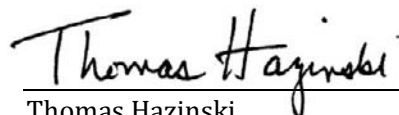
Although this analysis employs various mathematical calculations to provide estimates, the final estimate is based on some subjective judgments and may be influenced by our experience and other factors not specifically set forth in this study.

This study was prepared by HVS Convention, Sports & Entertainment Facilities Consulting. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of HVS Convention, Sports & Entertainment Facilities Consulting as employees, rather than as individuals.

8. Certification

We, the undersigned, hereby certify:

1. that the statements of fact presented in this study are true and correct to the best of our knowledge and belief;
2. that the reported analyses, opinions, and conclusions presented in this study are limited only by the assumptions and limiting conditions set forth, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. that we have no current or contemplated interests in any venue or financing that is the subject of this study;
4. that we have no personal interest or bias with respect to the subject matter of this study or the parties involved;
5. that this study sets forth all of the limiting conditions (imposed by the terms of this assignment) affecting the analyses, opinions, and conclusions presented herein;
6. that Thomas Hazinski was responsible for overall management of the assignment and reviewed all findings; and that Brian Harris participated in information gathering, analysis, and assisted in the formulation of projections;
7. that the fee paid for the preparation of this study is not contingent upon our conclusions, or the occurrence of a subsequent event directly related to the intended use of this study; and
8. that our engagement in this assignment was not contingent upon developing or reporting predetermined results.



Thomas Hazinski
Managing Director



Brian Harris
Director

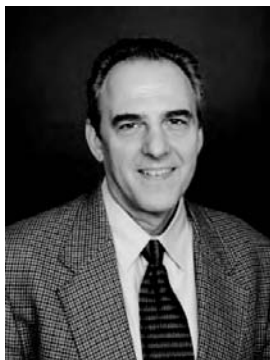


Qualifications Addendum

The following materials highlight the experience and expertise of HVS in performing tax studies.



Convention, Sports & Entertainment
Facilities Consulting
Chicago, Illinois



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Consulting Experience

Thomas Hazinski has an advanced degree in Public Policy from the University of Chicago and over 20 years of practical experience in the public sector and the consulting business. Tom is nationally recognized by rating agencies, bond insurers, and investors on Wall Street, as well as by clients throughout the world for his expertise in convention, sports, entertainment, and hospitality projects.

Education

Master of Arts - Graduate School of Public Policy at University of Chicago in 1990.

He also completed four years in the post-graduate degree program, including doctoral course-work, before leaving to pursue active management.

Bachelor of Arts - University of Wisconsin, Madison

Teaching and Lecture Assignments

Lectured at DePaul University (Chicago) in the Masters of Public Services Program, teaching a course entitled "Financial and Economic Foundations of Public Service."

Articles

2015 HVS Lodging Tax Report - USA

In this 4th annual Lodging Tax Study, HVS explores lodging tax trends in the USA. This updated version provides lodging tax rates/collections in all 50 US states and 150 US cities, and estimates the impact of Airbnb on lodging tax...

Oct 13, 2015 By Thomas A Hazinski, Alex Moon and Madeleine Rees

2014 HVS Lodging Tax Report - USA

In this third annual Lodging Tax Study, HVS Convention, Sports & Entertainment explores trends in the imposition of lodging taxes in the USA. This updated version provides lodging tax rates/collections in all 50 US states and across 150 US...

Sep 29, 2014 By Thomas A Hazinski, Daniel Wonk and Alex Moon

HVS 2014 Auto Rental Tax Study

The 2014 Auto Rental Tax Study is an examination of the effective tax rates on motor vehicle rentals at the top 100 largest airports as measured by enplanements. The study ranks the tax rates and breaks down its analysis among several vehicle types.

Jul 24, 2014 By Thomas A Hazinski and Daniel Wonk

Fact or Folly: A Review of Convention Center Follies

This article responds to Heywood Sanders' book Convention Center Follies. It argues for a more moderate picture of the state of supply and demand in the convention industry, and it critiques Sanders' narrative of convention center...

Jul 24, 2014 By Thomas A Hazinski and John Hazinski



The 2013 HVS U.S. Lodging Tax Study

The 2013 HVS U.S. Lodging Tax Study explores the trends in the imposition of lodging taxes in the United States. This updated version expands the study to provide lodging tax rates/collections in all 50 states and the 150 largest US cities.

Apr 7, 2014 By Thomas A Hazinski

What Lodging Taxes tell us about the Great Recession

HVS Convention, Sports and Entertainment analyzed lodging tax revenue across the country to assess the health of the lodging industry. Changes in taxable room revenue show the rate of recovery from the Great Recession.

Oct 15, 2013 By Thomas A Hazinski and Matthew O'Keefe

HVS Reviews Sascha Reichstein's Book Be my Guest

This review of Sascha Reichstein's Be my Guest, examines Hilton's dual role as an international American symbol and a local institution. Reichstein's book uses photographic images and employee interviews to contrast two international Hilton hotels.

Jul 17, 2012 By Thomas A Hazinski and John Hazinski

PowerPoint Presentation: New Supply Slows to a Trickle: Analysis of the Convention Center Pipeline

Analyzes historical convention center supply trends and provides a forecast of future of projects. Presented to the International Economic Development Council in June 2010 by Tom Hazinski, HVS Convention, Sports & Entertainment Facilities...

Dec 2, 2010 By Thomas A Hazinski

How Convention Centers Influence Hotel Markets

HVS recommends using regression models to measure the impacts of convention centers on their surrounding hotel markets.

Jan 29, 2010 By Thomas A Hazinski

What Part of No Don't You Understand? How to Track and Assess Lost Group Business

Group sales managers in hotels, convention and conference center, and CVB's need to understand the reasons for lost business. This article presents a comprehensive approach to lost business analysis that helps increase group sales.

Sep 15, 2008 By Thomas A Hazinski

What Is An Event?

Rebuilding the Tower of Babel

May 16, 2007 By Thomas A Hazinski

Qualified Management Contracts: Public-Sector/Private-Sector Partnering to Achieve Common Objectives

Recently public and private sectors have partnered in development of convention hotel properties; publicly owned and privately managed. This article highlights unique features of qualified management agreements and compares them to typical...

Jan 24, 2006 By Mark C. Lynn and Thomas A Hazinski

Is the Sky Falling on the Convention Center Industry

In a critique of the Brookings Institution Research Brief on Convention Centers as Economic Development Strategy, the authors challenge the validity of the its findings and present an alternative view of the status of the convention center industry....

May 4, 2005 By Thomas A Hazinski and Hans Detlefsen

Public Involvement in Hotel Financing

The author discusses trends in the public support of hospitality projects, which is becoming increasing common as municipalities seek to improve their competitive position in the convention and conference center business.

Nov 2, 2004 By Thomas A Hazinski



Assessing the Economic Impact of Investment in Public Facilities

Looking only at new spending and income are not sufficient to determine public sector investment in hotel and tourism projects, and a broader definition and measurement of the economic impact of these projects is necessary.

May 3, 2004 By Thomas A Hazinski

Room Tax Study - Arena Bond Refunding

Projection of future revenues from the room tax collection of five municipalities near Green Bay, Wisconsin. The Room Taxes may be pledged to support debt service on a proposed dedicated tax revenue bond issue. The proceeds from the Bonds will...

May 10, 2002 By Thomas A Hazinski

Tax-Exempt Hotel Financing

Because of the limited availability of conventional financing for full-service convention center headquarters hotels, many governments are turning to the tax-exempt bond market to finance their projects.

Feb 1, 2002 By Thomas A Hazinski

Midwest Airlines Center Expansion Feasibility Study

HVS performed a feasibility study of a proposed expansion of the Midwest Airlines Center (formerly known as the Midwest Express Center) and estimated the economic impact of the proposed expansion.

Jan 17, 2002 By Thomas A Hazinski and Paul D Sajovec

Feasibility Study of Expansion of Headquarters Hotel Capacity

The Franklin County Convention Facilities Authority retained HVS International to analyze the feasibility of developing additional full-service convention hotel capacity in downtown Columbus, in the immediate vicinity of the Greater Columbus...

Dec 21, 2001 By Thomas A Hazinski and Paul D Sajovec

Measuring Economic Impact

In a presentation at the 2001 Annual Conference of the Government Officer's Association, Tom Hazinski, Managing Director of HVS Convention, Sports & Entertainment Facilities Consulting describes and critically examines the theory and practice of...

Jun 1, 2001 By Thomas A Hazinski

Canadian Lodging Outlook June 2001

HVS Convention, Sports & Entertainment Facilities Consulting

Jun 1, 2001 By Thomas A Hazinski

Clients

Akron/Summit Convention and Visitors Bureau
Albany Convention Center Authority
Albuquerque AZ, City of
Albuquerque Convention & Visitors Bureau
Alexandria MN, City of
Alerus Commission
Allen, Texas Economic Development
Alpena FL, City of
Alsip IL, City of
Amarillo TX, City of
Amari Hotels
American Racing and Entertainment
American Securities Capital Partners
Anchorage Convention & Visitors Bureau
Apopka FL, City of

Archdiocese of Detroit
Argosy Gaming
Aurora CO, City of
Austin TX, City of
Ayala Family (Philippines)
Baltimore Development Corporation
Bangor MA, City of
Beaver Creek, CO Resort Company
Bethlehem PA Redevelopment Authority
Big Springs TX, City of
Billings, MT Chamber of Commerce/CVB
Boone County, IN
Boston Chamber of Commerce
Boston MA, City of
Brookings SD, City of



Broward County, FL
Brown County WI Professional Football Stadium District
Buffalo Convention Center Corporation
Cairo International Convention & Exhibition Centre
Caesar's Entertainment Corporation
Cedar Rapid IA, City of
Centennial Authority of North Carolina
Charlotte NC, City of
Chicago IL, City of
Chickasaw Nation
Chilliwack Economic Development Partners
Cicero IL, Town of
City of Albuquerque
Cobb-Marietta Coliseum and Exhibit Hall Authority
Coleman Research Group, Inc.
Compass Facilities Management
Concord Pacific Developments
Cobb-Marietta Coliseum & Exhibit Hall Authority
Copenhagen Capacity
Coralville IA, City of
Corpus Christi Business Alliance
COSI Science and Industry Museum, Columbus OH
Council Bluffs IA, City of
Dallas Convention and Visitors Bureau
Dallas TX, City of
Davenport IA, City of
DeKoven Center, Racine, Wisconsin
Detroit Metro Convention and Visitors Bureau
Dev-Con International LLC
Durango Business Improvement District
Ernest N. Morial Convention Center, New Orleans
Evanston IL, City of
Fargo, City of
Faulkner USA
Fedinco Ltd.
First Southwest Company
Fort Collins CO, City of
Fort Worth TX, City of
Franklin County (OH) Convention Facilities Authority
Franklin L. Haney Company
Fredericksburg Convention and Visitors Bureau
Fredericksburg TX, City of
Freeman Coliseum TX
Galveston TX, City of
General Growth Properties
Geneva Palexpo
Gilbert AZ, City of
Grand Heritage Hotel Group
Glens Falls Development, LLC
Greater Buffalo Convention and Visitors Bureau

Greater Jamaica Development Corporation (Queens, NY)
Green Bay/Brown County Professional Football Stadium District
Greenville SC, City and County of
Hagerstown/Washington County MD CVB
Harlingen, TX City of
Hawaii Tourism Authority
HCW Development (Branson, Missouri)
Herschend Family Entertainment Corp.
Holland MI, City of
Host Hotel & Resorts
Huntsville AL, City of
Illinois State University
Independent School District No. 270 (Hopkins, Minnesota)
Intercap Institutional Investors
JBG Associates, LLC
KPG Real Estate Development
Lacey Development
Lake Area Improvement Corporation, Madison SD
Lake County (IN) Convention and Visitors Bureau
Lake Julaluska Conference and Retreat Center
Lancaster County Convention Center Authority
Las Vegas Convention and Visitors Authority
Las Vegas Sands Corporation
Lawton Fort Sill Chamber of Commerce
Lee's Summit MO, City of
Long Center for the Performing Arts
Loudoun County, Virginia
Loveland, CO, City of
Macon GA, City of
Madison Square Garden
Mammoth Lakes CA, Town of
Manchester NH, City of
Mashantucket Pequot Tribal Nation
Massachusetts, Commonwealth of
Massachusetts Convention Center Authority
Mecklenburg County, North Carolina
Memphis, TN City of
Metro Jackson Convention and Visitors Bureau (Mississippi)
Metropolitan Airports Commission, Minneapolis
Metropolitan Pier and Exhibition Authority, Chicago
Miller Capital Advisory Inc.
Miller-Valentine Group
Milwaukee, WI, City of
Mission, TX, City of
Moline IL, City of
Monroe County, IN Convention Center Building Corporation
Monterey County Convention and Visitors Bureau
Monterey Conference Center
Montgomery County, Tennessee



Muskingum County OH Convention Facilities Authority
Naperville IL, City of
Nashville TN, City of
National Music Foundation
Neal & Leroy, LLC
Nebraska Furniture Mart
Newnan GA Convention Center Authority
Newton Oldacre McDonald, LLC
Normal IL, Town of
Oakland CA, City of
Oakland Redevelopment Agency
O'Hare International Airport
Omaha NE, City of
Omaha Royals Baseball Club LLP
Oregon Convention Center
Oregon State Fair
Overland Park Development Corporation
Overland Park KS, City of
Owensboro KY, City of
Palm Beach County, FL
Peoria IL, City of
Philadelphia Hotel Association
Phoenix Convention Center
Pier 94 (New York City)
Piper Jaffray
Pittsburgh History & Landmarks Foundation
Plano TX, City of
Plenary Group Pty Ltd
Plunkett & Clooney
Port Sanilac Downtown Development Authority
Portland Development Commission
Property Council of Australia and Tourism Transport Forum
Puerto Rico Convention Center District
Puerto Rico Tourism Company
Queens NY Chamber of Commerce
Qwest Center Omaha
Raleigh NC, City of
Rhode Island Convention Center Authority
Richmond VA, City of
Rio Nuevo Multipurpose Facilities District
Robert W. Baird & Co.
Roberto Clemente Foundation
S. B. Friedman & Company
Saint Louis County, MO
Salem VA, City of
Salt Lake City Redevelopment Agency
San Antonio Convention & Visitors Bureau
San Antonio TX, City of
Santa Fe NM, City of

Schaumburg IL, Village of
Senate Hospitality Group
Shaner Hotel Group
SheerSports
Sonnenblick-Del Rio Jamaica Ltd.
South Lake Tahoe Redevelopment Authority
Southeast Wisconsin Professional Baseball Park District
Starwood Development
State of Arizona
Suffolk VA, City of
Taj Hotel Group
Tallahassee FL, City of
Tern Landing Development
The Citadel
The Resort Group
Tinley Park IL, Village of
Tri-Star Investments
Tucson AZ, City of
UBS Municipal Securities Group
Union County, Ohio Chamber of Commerce
University of Chicago
Urban Council of Albuquerque, Inc.
Urban Renewal Authority of Colorado Springs
Vail CO, Town of
Virgin Islands Public Finance Authority
Virginia Beach Convention & Visitors Bureau
Virginia Beach VA, City of
Visalia Convention Center
Washington DC Convention & Sports Authority
Washington State Convention Center
Wausau WI, City of
WEDGE Real Estate Holdings
West Allis WI, City of
White Oak Resorts
Wichita KS, City of
Wild Horse Pass Development Authority
Wisconsin Center District
Wonderful Copenhagen



Convention, Sports & Entertainment
Facilities Consulting
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Phone: +1 (727) 3471428 (Work)

Consulting Experience

Brian Harris brings extensive experience in public facility financing to HVS. He served as Vice President of Analytical Services, ScheerGame Sports Development, LLC and previously in a similar capacity at William R. Hough & Co. Prior to that, Harris was deputy manager of public finance at Raymond James. During his 25-year career as an analyst and as a manager of analytical services, he has worked on over 1,000 municipal financing projects ranging from basic general obligation bond issues to complex derivative transactions.

In Harris' more than 25 years of experience in the sports facility financing section of the municipal bond market, he has experienced many variations of public/private partnerships and techniques to enable the issuance of the maximum amount of tax-exempt bonds while permitting franchise teams to play in the arena. Harris also has focused on the investment of bond proceeds in municipal escrow accounts and on the reinvestment of reserve accounts for the purpose of maximizing earnings.

His experience providing analysis for convention centers and financing strategies includes the Dallas Convention Center Complex, the proposed Albany, NY Convention Center and Hotel, the Tucson Convention Center, and McCormick Place in Chicago. He has also conducted analyses for headquarter hotels in Virginia Beach, VA, Houston, TX, Portland, OR, Tucson, AZ, and Albany, NY.

Education

Bachelor of Science- Business Administration/Finance, University of Central Florida

Employment History

Prior to joining HGVs, Brian spent many years in municipal finance including over 10 years as head of analytic research at two firms. The five years prior to joining the firm he worked in sports financing. This background gave Brian a unique understanding of public/private partnership between local governments and private industry.

2000–2006 ScheerGame Sports Development, LLC Jacksonville, FL

Senior Vice President, Head of Analytic Services

Firm focus is on municipal sports transactions.

Client base is in southern United States.

Support all ongoing transactions

1995–2000 William R. Hough & Co. St. Petersburg, FL

Senior Vice President, Head of Analytic Services

Lead efforts in derivatives.

Supervised all public finance transactions as dual principal.

Implemented training course for new bankers.

1990–1995 Raymond James & Ass. Inc. St. Petersburg, FL

Senior Vice President, Deputy Manager of Public Finance



Convention, Sports & Entertainment
Facilities Consulting
Chicago, Illinois

Helped establish department in merger with Arch Roberts & Co.
Increase sales by researching refunding prospects.
Established technical services and training program.

1984–1990 Arch Roberts & Co. Orlando, FL

Vice President

Created computer software for in-house refunding analysis.

Established Analytic Department.

1978–1984 Orlando, FL

Florida Municipal Securities, Inc.

Ledy, Wheeler & Alman

Southeastern Municipal Bonds, Inc.

APPENDIX E

SUMMARIES OF PRINCIPAL AGREEMENTS

This Appendix contains a summary of certain provisions of the Development Agreement, Funding Agreement, City Disbursement Agreement, Arena Agreement, Non-Relocation Agreement and Team Use Agreement. The summaries provided below are qualified in their entirety by reference to the definitive documents that are summarized.

DEVELOPMENT AGREEMENT

ArenaCo's Retention of Related Parties

Under the Development Agreement, ArenaCo shall act as developer of the Arena and in such capacity shall procure, be responsible for, and shall lead all phases of, the Work. ArenaCo has retained Populous, Inc. as lead architect for the Arena (the "**Architect**") pursuant to the Agreement for Architecture and Engineering Services for New Milwaukee Arena dated as of February 24, 2015 (the "**Architect Agreement**"); ICON Venue Group, LLC to provide owner's representative, project management and related services for the Work (the "**Project Manager**") pursuant to an Owner's Representative and Project Management Agreement, dated as of March 17, 2015 (the "**Project Manager Agreement**"); Rider Levett Bucknall to provide cost consultant and related services (the "**Preconstruction Consultant**") pursuant to a Professional Services Agreement, dated as of September 5, 2015 (the "**Preconstruction Consultant Agreement**"); and M.A. Mortenson Company (the "**Arena Contractor**") to provide construction management and contracting services pursuant to an Agreement for Construction Management Services for Milwaukee Bucks New Arena, dated as of April 13, 2016 (the "**Contractor Agreement**"). ArenaCo shall retain such other contractors, consultants, architects and professionals as ArenaCo shall deem reasonably necessary in connection with its role as developer with respect to the Work. As ArenaCo is responsible for timely delivering the Arena and paying for cost overages, ArenaCo shall make all final design, development and construction decisions regarding the Work, provided that the Work adheres in all material respects to the quality standards defined under the Development Agreement. ArenaCo will require the Arena Contractor or any other applicable contractor to be responsible for the means and methods of construction, hiring and oversight of all construction personnel, site safety and security in connection with performance of the portion of the Work relating to the construction of the Arena and the infrastructure necessary therefor, which includes any demolition, environmental mitigation, site preparation and grading work (the "**Construction Work**"). Except upon the default of the Arena Contractor under the Contractor Agreement, ArenaCo shall not replace the Arena Contractor without the prior written approval of the District, such approval not to be unreasonably withheld, conditioned or delayed.

Cooperation of the District

Under the Development Agreement, the District is responsible for collaborating with ArenaCo in all phases of the Work, attending such meetings as reasonably required to perform its obligations under the Development Agreement, and responding timely to ArenaCo correspondence and requests for District input, including reasonably making available District staff and resources, all as necessary to complete the Work in the timeframes set forth in the Development Agreement. The District agrees to cooperate with and assist ArenaCo in connection with the issuance of all licenses, permits and approvals required by applicable law in connection with the Work to the extent the owner of the Arena Land is required to

participate in such process. In addition, the District shall cooperate with (x) ArenaCo and its Lender to facilitate the ArenaCo Loan and, if applicable, any other ArenaCo equity or debt financing, (y) ArenaCo and the City to facilitate disbursement of the City Commitment for the design, development and construction of the Public Plaza and the Parking Facilities and (z) Kohl to facilitate disbursement of the Kohl Commitment. Such cooperation shall include, but not be limited to, (A) collaboration with ArenaCo for implementation of the ArenaCo financing strategy, including, but not limited to, the efficient and timely documentation and closing of the Arena Loan and, if applicable, any other source of funds from time to time, (B) participation in any commercially reasonable due diligence review of the Work, the Arena, the Parties and matters reasonably related thereto conducted by, and responding to reasonable inquiries from, the Lender and, if applicable any other provider(s) of any proposed source of funds and (C) providing reasonable and customary certificates and opinions, including regarding the District's due authorization, execution and enforceability of the project agreements. Subject to ArenaCo's authority set forth in the above paragraph, the District has the right to review and comment at each step of the development and design of the Arena and the infrastructure necessary therefor.

Completion Dates

ArenaCo shall use commercially reasonable efforts to cause the Substantial Completion Date to occur on or before the Outside Substantial Completion Date, subject to Force Majeure Events, the funding of the District Commitment, the Kohl Commitment and the City Commitment and the District's, the City's, the County's and RACM's compliance with the project agreements to which they are a party. The **"Substantial Completion Date"** means the date on which the City issues to ArenaCo and the District the certificate(s) of occupancy, which may be temporary, providing that the Arena is ready for use and occupancy for its intended purposes in accordance with applicable laws. The **"Outside Substantial Completion Date"** means September 30, 2019, subject to Force Majeure Events, the funding of the District Commitment, the Kohl Commitment and the City Commitment and the District's, the City's, the County's and RACM's compliance with their respective obligations under the project agreements to which they are a party. If at any time ArenaCo determines that the Outside Substantial Completion Date will not be met, ArenaCo shall promptly provide written notice thereof to the District. ArenaCo is required to cause the Arena Contractor or applicable other contractors to complete, or cause to be completed, all reasonable punch-list items by the Outside Final Complete Date subject to Force Majeure Events, the funding of the District Commitment, the Kohl Contribution and the City Commitment and the District's, the City's, the County's and RACM's compliance with the project agreements to which they are a party. **"Outside Final Completion Date"** means December 31, 2019, subject to Force Majeure Events, the funding of the District Commitment, the Kohl Commitment and the City Commitment and the District's, the City's, the County's and RACM's compliance with their respective obligations under the project agreements to which they are a party. Under the Development Agreement, **"Force Majeure Events"** means any act, event, or condition that is beyond the reasonable control of the party asserting the Force Majeure Event, if it prevents or delays such party from performing any obligation under the Development Agreement, including, without limitation, the following: any act of public enemy, terrorism, blockade, war, insurrection, civil disturbance, explosion or riot; epidemic; landslide, earthquake, fire, storm, flood, washout or other catastrophic weather event; any other act of God; and any strike, lockout, labor dispute or other industrial disturbance.

Approved Budget

The Development Agreement provides for creation of a preliminary budget for the Work and the Parking Facilities Work and a final budget (the "**Approved Budget**") for the Work and Parking Facilities Work to be finalized and approved by ArenaCo and the Lender. Any updates to the Approved Budget must be consistent with the quality standards and other requirements of the Development Agreement and reflect that the Work be completed by the Outside Final Completion Date, subject to Force Majeure Events, the funding of the District Commitment, the Kohl Commitment and the City Commitment and the District's, the City's, the County's and RACM's compliance with their respective obligations under the project agreements to which they are a party. ArenaCo has the right to reallocate amounts in the Approved Budget, including, without limitation any actual cost savings, contingencies, and any reallocations approved by the Lender. ArenaCo shall provide (or cause to be provided) accounting services for the Work, and the District, its attorneys and accountants and designated representatives are entitled to inspect such records upon prior written notice. ArenaCo will also require the Project Manager to provide to the District monthly status and other progress reports regarding the Work and the Parking Facilities Work no later than 30 days after the end of each month.

Construction Work

ArenaCo has entered into the Contractor Agreement (described below) and, using the funding sources identified in the Funding Agreement, shall be responsible for the payment of all costs and expenses payable to the Arena Contractor in connection with the Construction Work, subject to the terms of the Development Agreement and the Funding Agreement. Prior to Final Completion, ArenaCo shall cause the Arena Contractor and applicable other contractors to repair or restore any damage to or destruction of any portion of the Construction Work in accordance with the Construction Documents. ArenaCo will require the Arena Contractor and such other contractors as it deems appropriate to obtain, keep and maintain throughout the term one or more performance and payment bonds from a qualified surety (in a form reasonably acceptable to the District) in a total amount equal to one hundred percent (100%) of the total costs included in the Approved Budget for the Construction Work (including any amounts subsequently allocated from contingency included in the Approved Budget to cover an increase in the cost of such Construction Work set forth in the Approved Budget). The costs of any such bonds shall be Project Costs. Such performance and payment bond(s) shall include as co-obligees the District and any applicable trustees or Lenders for the District Financing and the ArenaCo Loan.

Under the Development Agreement, ArenaCo is required to perform, and to require the Arena Contractor and all other contractors and subcontractors to perform, the Work in a good and workmanlike manner, in accordance with the quality standards specified in the Development Agreement, the Approved Budget and the Schedule. In the prosecution of the Work, ArenaCo is required to comply, and to require the Arena Contractor and all other contractors and subcontractors to comply, with all applicable laws affecting the Work, including all applicable, State, District, City, and federal occupational safety and health acts and regulations.

Construction Work Modifications

The Development Agreement includes provisions under which the District or ArenaCo may request modifications to the Construction Documents and the scope of the Work from time to time (each modification, a "**Construction Work Modification**"). If ArenaCo desires to implement a Construction Work Modification, it must submit written notice thereof to the District, together with such information as is reasonably necessary for the District to understand and determine whether such Construction Work Modification complies in all material respects with the quality standards and requirements of the Development Agreement. The Development Agreement contains provisions to address any disputes relating to Construction Work Modifications and provides that ArenaCo may implement certain changes in certain specified circumstances. If ArenaCo estimates the Project Costs attributable to any Construction Work Modification desired by ArenaCo, including any and all associated architectural, engineering, and contractors' and subcontractors' fees, are more than \$5,000,000 in excess of the total Project Costs as set forth in the Approved Budget (including any amounts for contingency included in the Approved Budget), ArenaCo shall not implement such Construction Work Modification unless and until it has demonstrated to the District, to the District's reasonable satisfaction, that it has the funds necessary to implement such Construction Work Modification or deposited an amount equal to its estimate of such excess Project Costs either (i) in the ArenaCo Account (as defined in the Funding Agreement) or (ii) in an account established with any holder of any Leasehold Mortgage or any pledgee of ArenaCo's equity, which deposited amount shall, in either case, be funded to pay for the cost of such Construction Work Modification on a progress basis. The Development Agreement provides that the District may also request a Construction Work Modification in writing and that, if the District does so, ArenaCo must promptly consider the request and discuss it with the District in good faith. If, at its discretion, ArenaCo is willing to implement any such District requested Construction Work Modification, such response to request for modification shall include a written estimate of any additional Project Costs attributable to the District's requested Construction Work Modification, including any and all associated architectural, engineering, and contractors' and subcontractors' fees.

Defaults

Under the Development Agreement, an "**ArenaCo Default**" will occur if ArenaCo materially breaches or fails to comply with any material provision of the Development Agreement applicable to ArenaCo, and as to any breach or noncompliance which is not monetary in nature (as to which monetary breaches or noncompliance ArenaCo shall have a five (5) Business Day cure period), such breach or noncompliance continues for a period of thirty (30) days after written notice thereof by the District to ArenaCo; or, if such breach or noncompliance cannot reasonably be cured within such thirty (30) day period, ArenaCo does not commence to cure such breach or noncompliance within such thirty (30) day period or, after commencing to cure such breach or noncompliance, ArenaCo does not thereafter pursue such cure in good faith to completion or if ArenaCo files a petition in bankruptcy or insolvency, or for reorganization or arrangement under any applicable laws related to bankruptcy or insolvency, or voluntarily takes advantage of any such applicable laws by answer or otherwise, or dissolves or makes a general assignment for the benefit of creditors, or involuntary proceedings under any such applicable laws or for the dissolution of ArenaCo are instituted against ArenaCo, or a receiver or trustee is appointed for the Arena or for all or substantially all of ArenaCo's property, and such involuntary proceedings are not dismissed or such receivership or trusteeship vacated within ninety (90) days after such institution or appointment. If any ArenaCo Default occurs, the District has the right (but not the obligation) to make any payment or take any action necessary to cure any ArenaCo Default and demand payment from ArenaCo for making such payment or taking such action. The District may also seek to obtain damages,

specific performance or other equitable relief. Failure of ArenaCo to pay such damages within thirty (30) days after such award becomes final and non-appealable or failure to otherwise comply with such award within the time periods set forth therein or within a reasonable period of time will permit the District to terminate the Development Agreement. The District's remedies are subject to the rights of the Leasehold Mortgagees and Mezzanine Lenders (as described in the Development Agreement).

Termination

Including the termination right described above, the Development Agreement may also be terminated by the District or ArenaCo by written notice for occurrence of any of the following events: (i) final completion of the design, development, construction, furnishing and all other aspects of the Work and issuance of all necessary governmental approvals to use, occupy and operate all aspects and area of the Arena (the "**Final Completion**") is prohibited due to a final and non-appealable judgment of a court of competent jurisdiction or due to applicable law; (ii) the Funding Agreement is terminated in accordance with its terms; or (iii) the Arena Agreement is terminated prior to substantial completion of the Arena in accordance with its terms.

Arena Contractor

Under the Development Agreement, ArenaCo selected the Arena Contractor pursuant to the Contractor Agreement.

Under the Development Agreement, the District must approve any material amendment to the Contractor Agreement in writing, which approval shall not be unreasonably withheld, conditioned or delayed. Under the Development Agreement, the Arena Contractor agrees to a guaranteed maximum price, which shall correspond to the total amount of the Construction Work included in the Approved Budget, less those portions of the Construction Work (which may include, without limitation, the Public Plaza, the proposed skywalk, utility work, demolition, tenant improvements, and supply and installation of furniture, fixtures and equipment) for which ArenaCo may contract with other third-party contractors ("**Other Contractors**"). To the extent that Other Contractors are being engaged under contracts (other than the Architect Agreement, Contractor Agreement and Preconstruction Consultant Agreement) between ArenaCo and third-party contractors, consultants, architects or engineers (i) with a value in excess of \$5,000,000, (ii) for architecture services or (iii) otherwise encumbering the Arena for a period in excess of one year after Final Completion, in each case to the extent with respect to the design or development of the Arena (including the Public Plaza and proposed skywalk) ("**Material Contracts**"), ArenaCo shall not enter into such Material Contracts without the District's approval, which the District will not unreasonably withhold, condition or delay.

Under the Contractor Agreement, the Arena Contractor is required to achieve substantial completion of the Arena by July 31, 2018 (the "**Required Substantial Completion Date**") (subject to extension in certain circumstances, including the occurrence of force majeure events). If construction of the Arena is not substantially completed by the Required Substantial Completion Date, the Arena Contractor is obligated to pay liquidated damages in an amount specified in the Contractor Agreement. Liquidated damages under the Contractor Agreement are not part of Tax Revenues or the Trust Estate and are not pledged to repayment of the Series 2016 Bonds.

Cost and Price Provisions

Under the Contractor Agreement, the Arena Contractor acknowledged \$300,000,000 constitutes the maximum available funds for construction costs (the "**Fixed Limit of Construction Cost**"). The guaranteed maximum price ("**Guaranteed Maximum Price**") to be identified in an amendment to the Contractor Agreement (the "**GMP Amendment**") cannot exceed the Fixed Limit of Construction Cost. Any costs which would cause the Guaranteed Maximum Price to be exceeded shall be paid by the Arena Contractor without reimbursement by ArenaCo.

Contingency

Under the Contractor Agreement, the Guaranteed Maximum Price shall include a contingency (the "**Contingency**") to cover unanticipated costs in the amount of the lump sum to be fixed as agreed in the GMP Amendment, which amount shall not exceed 3.5% of the costs necessarily incurred by the Arena Contractor in the proper performance of the work (the "**Cost of the Work**"). The Contractor Agreement provides for the periodic reduction of the Contingency as follows:

(i) on the date sixty (60) days after delivery by the Architect of final drawings and specifications, the amount of the Contingency shall not exceed 3.0% of the Cost of the Work;

(ii) after the award and successful execution of all major subcontracts representing at least 80% of the anticipated construction cost, the amount of the Contingency shall not exceed 2.75% of the Cost of the Work; and

(iii) on the completion of the superstructure of the Project, the amount of the Contingency shall not exceed 2.5% of the Cost of the Work.

Upon completion of each of the above-referenced milestones, the Guaranteed Maximum Price shall be reduced by the same amount as the reduction in the unallocated Contingency, if any, following such milestone.

Parking Facilities Work

ArenaCo and Milwaukee County (the "**County**") have also entered into a development agreement, pursuant to which, subject to the terms thereof, ArenaCo has agreed to design, develop and construct the Parking Facilities, and the City and ArenaCo have entered into a Cooperation, Contribution and Development Agreement with RACM, dated as of December 22, 2015, pursuant to which, subject to the terms thereof, ArenaCo has agreed to design, develop and construct for the City the Parking Facilities (the "**City Development Agreement**").

Under the Development Agreement, ArenaCo shall be responsible for entering into the construction contract for the Parking Facilities Work with the Parking Facilities Contractor and, using the funding from the City pursuant to the City Disbursement Agreement and, to the extent applicable, funding from ArenaCo as contemplated by the Funding Agreement, shall be responsible for the payment of all costs and expenses payable to the Parking Facilities Contractor in connection with the Parking Facilities Work, subject to the terms of the City Development Agreement, the City Disbursement Agreement, the Development Agreement and the Funding Agreement.

FUNDING AGREEMENT

General

Pursuant to the Funding Agreement, each of the District, the City and ArenaCo agrees to fund its share of the costs to design, develop and construct the Arena. The Funding Agreement establishes an escrow (the "**Escrow**") and appoints the Escrow Agent to serve as initial escrowee of the Escrow. The Funding Agreement establishes a priority of funding to the Escrow and procedures for disbursement from the Escrow by the Escrow Agent for payment of the Project Costs in accordance with the Funding Agreement's terms. The Escrow Agreement also sets forth conditions to the obligations of each of the District and the City to fund its allocable share of disbursement requests subject to certain performance by ArenaCo under the Funding Agreement.

Allocation of Project Costs and Sources of Funds

Under the Funding Agreement, the total Project Costs are currently estimated at \$524,000,000. The Funding Agreement provides that the funding of this amount will be provided by: (i) the District Commitment, consisting of \$203,000,000 from the District; (ii) the City Commitment, consisting of \$35,000,000 from the City for the Parking Facilities and \$12,000,000 from the City for the Public Plaza; (iii) the Kohl Commitment, consisting of \$100,000,000; and (iv) the ArenaCo Commitment, consisting of the balance of the Project Costs from ArenaCo, which is currently estimated to be at least \$174,000,000.

The District intends to fund the District Commitment from the proceeds of the Series 2016 Bonds, the Appropriation Bonds and the Private Placement Bonds. See "PLAN OF FINANCE."

The City (a) shall fund the City Commitment for the Parking Facilities in accordance with the City Disbursement Agreement from funds deposited into the escrow thereunder, which the City has funded with \$27,000,000 of proceeds from its issuance of extendable municipal commercial paper (which it intends to replace with \$27,000,000 of proceeds from its issuance of general obligation bonds) and \$8,000,000 from the sale of a bond by RACM to ArenaCo or its Affiliate, and (b) shall fund the City Commitment for the Public Plaza with \$12,000,000 of proceeds from its issuance of general obligation bonds.

Kohl and HoldCo, have entered into the Pledge Letter, pursuant to which Kohl has pledged to gift or cause to be gifted the Kohl Commitment for the purpose of facilitating the construction of the Arena. HoldCo consented to the designation of GMF and its affiliated entities as the organization to receive the Kohl Commitment. HoldCo and Kohl have entered into the Pledge Agreement, pursuant to which Kohl has pledged to make an additional charitable contribution to facilitate the construction of the Arena in the event of a shortfall of funds from GMF with respect to the Kohl Commitment. Kohl gifted the Kohl Commitment to KPG Charitable Foundation, LLC pursuant to a Contribution Agreement, dated December 17, 2014, under which the terms of the gift were specified so that the Kohl Commitment would be used to fund the creation of KPG. GMF then caused KPG Charitable Foundation, LLC to transfer the Kohl Commitment to KPG. GMF, KPG and Kohl entered into the Contribution Agreement with the District, pursuant to which, subject to the terms thereof, the Kohl Parties agree to contribute the Kohl Commitment to the District for the purpose of facilitating the construction of the Arena.

ArenaCo shall pay or cause to be paid for all Project Costs that exceed the District Commitment, the City Commitment and the Kohl Commitment. ArenaCo intends to fund the ArenaCo Commitment with the proceeds of the ArenaCo Loan from the Lender and, to the extent the ArenaCo Loan proceeds are insufficient to fund all of the ArenaCo Commitment, from equity or any other source ArenaCo chooses.

Closing and Funding

Under the Funding Agreement, the District is not obligated to close the Series 2016 Bonds, the Tax Revenue Bonds and the Private Placement Bonds unless and until (i) ArenaCo and the Lender have signed the loan documents for the ArenaCo Loan and ArenaCo has begun, or simultaneously with the closing of the Series 2016 Bonds, the Tax Revenue Bonds and the Private Placement Bonds, begins drawing advances thereunder, (ii) the Arena Land (other than the portion thereof for the Public Plaza) has been conveyed to the District, (iii) the GMP has been approved by the Lender's agent, (iv) the Secretary of Administration has made the determination required by Act 60 with respect to the City Commitment, and (v) the Series 2016 Bonds have received an investment grade rating.

Under the Funding Agreement, the City agrees to use commercially reasonable efforts to (i) receive and deposit into a local government investment pool (the "**LGIP Account**") net proceeds from its issuance of its general obligation bonds equal to the portion of the City Commitment for Work related to the Public Plaza in the amount of \$12,000,000, and (ii) receive and deposit into escrow pursuant to the City Disbursement Agreement \$8,000,000 from RACM pursuant to RACM's issuance of a bond to ArenaCo or its affiliate, in each case, by May 24, 2016, or as soon thereafter as possible.

Escrow Accounts

The Funding Agreement provides that the Escrow Agent shall establish four bank accounts (the "**Project Accounts**"), identified as the "**District Account**," "**District/GMF Contribution Account**," "**City Account**" and "**ArenaCo Account**," respectively. Generally, such accounts must be funded from time to time by the District, the City and ArenaCo to pay disbursements requests submitted by ArenaCo and approved by the District and the City in accordance with the Funding Agreement.

Priority of Funding and Disbursement

Pursuant to the Funding Agreement, Project Costs (other than additional Project Costs for construction work modifications for which ArenaCo or the District are responsible for under the terms of the Development Agreement), will be funded and disbursed in the following priority:

- 1) Until the closing of the Series 2016 Bonds (the "**District Funds Availability Date**"), ArenaCo is responsible for the payment of all Project Costs; provided, however, that from the GMF Funds Availability Date until the District Funds Availability Date, Project Costs will be paid as further described in (2) and (7) below. "**GMF Funds Availability Date**" means the date on which all conditions of GMF, KPG and Kohl's (collectively, the "**Kohl Parties**") obligations to fund the Kohl Commitment under the Contribution Agreement have been satisfied.

- 2) Commencing with the initial Disbursement Request under the Contribution Agreement on or following the GMF Funds Availability Date and (a) continuing until such time as the Net GMF Paid Arena Costs equal sixty-six and two-thirds percent (66 2/3%) of the Adjusted ArenaCo Previously Paid Arena Costs, the District, through the District/GMF Contribution Account (subject to (8) below), shall fund one hundred percent (100%) of the Permitted Arena Costs that would otherwise be required to be funded by ArenaCo pursuant to this Agreement (*i.e.*, the District will fund all of such amount, and ArenaCo will not be required to fund any of such amount) and (b) thereafter (*i.e.*, after the Net GMF Paid Arena Costs equal sixty-six and two-thirds percent (66 2/3%) of the Adjusted ArenaCo Previously Paid Arena Costs), the District, through the District/GMF Contribution Account (subject to (8) below), shall fund an amount equal to sixty-six and two-thirds percent (66 2/3%) of the Permitted Arena Costs to be funded by ArenaCo pursuant to this Agreement (*i.e.*, of the aggregate amount to be funded by ArenaCo through the ArenaCo Account and the District through the District/GMF Contribution Account collectively, ArenaCo will fund sixty percent (60%) of such aggregate amount (subject to (9) below) and the District, through the District/GMF Contribution Account (subject to (8) below), will fund forty percent (40%) of such aggregate amount). "**Net GMF Paid Arena Costs**" is defined to mean, as of any time, (i) the aggregate amount contributed by GMF to the District for Permitted Arena Costs under the Funding Agreement as of such time, minus (ii) any GMF Reimbursed Amount paid to GMF on or before such time). "**Adjusted ArenaCo Previously Paid Arena Costs**" is defined to mean, as of any time, (i) the ArenaCo Previously Paid Arena Costs, minus (ii) any ArenaCo Reimbursed Amount paid to ArenaCo on or before such time.
- 3) Within two (2) Business Days following the District Funds Availability Date, the District shall direct the Escrow Agent to pay directly to ArenaCo or GMF, as applicable, through the District Account, the District Reimbursement Amount as follows: (a) to ArenaCo an amount (the "**ArenaCo Reimbursed Amount**") equal to the lesser of (i) the District Reimbursement Amount or (ii) an amount equal to (A) the ArenaCo Paid Amount minus (B) 60% of the amount equal to (1) the ArenaCo/GMF Paid Amount minus (2) the District Reimbursement Amount; and (b) to GMF the amount, if any, by which the District Reimbursement Amount exceeds the ArenaCo Reimbursed Amount (the "**GMF Reimbursed Amount**"). The "**District Reimbursement Amount**" is defined as an amount equal to 44.8% of the ArenaCo/GMF Paid Amount. The "**ArenaCo/GMF Paid Amount**" is defined as the sum of the ArenaCo Paid Amount and GMF Paid Amount. The "**ArenaCo Paid Amount**" is defined as the aggregate Permitted Arena Costs (including all ArenaCo Previously Paid Arena Costs) funded by ArenaCo prior to the District Funds Availability Date (without taking into account any ArenaCo Reimbursed Amount paid by the District pursuant to the Funding Agreement). The "**GMF Paid Amount**" is defined as the aggregate Permitted Arena Costs funded by GMF prior to the Districts Funds Availability Date (without taking into account any GMF Reimbursed Amount paid by the District pursuant to the Funding Agreement).

- 4) After the District has funded the District Reimbursement Amount through the District Account, (a) the District, through the District Account, shall fund forty-four and eight-tenths of one percent (44.8%) of Permitted Arena Costs, and (b) subject to (8) and (9) below, the District, through the District/GMF Contribution Account, and ArenaCo, through the ArenaCo Account, shall fund an aggregate of fifty-five and two-tenths of one percent (55.2%) of Permitted Arena Costs in accordance with (2) above and (7) below (which means, by way of example, that if such Permitted Arena Costs are being funded pursuant to (2) above, then (i) the District, through the District/GMF Contribution Account, shall fund twenty-two and one-tenth of one percent (22.1%) of such Permitted Arena Costs, and (ii) ArenaCo, through the ArenaCo Account, shall fund thirty-three and one-tenth of one percent (33.1%) of the Permitted Arena Costs), until the District Commitment and Kohl Commitment (net of any GMF Reimbursed Amount paid by the District) have been fully funded; provided, that ArenaCo may (without obligation) fund the payment of Permitted Arena Costs directly without seeking funding from the District and may thereafter seek catch up funding from the District in which event, for purposes of the catch up funding, the Allocable Share shall be adjusted to take into account such catch up funding. The "**Allocable Share**" is defined as for a party, with respect to any Disbursement Request, the portion such party is obligated to fund to a Project Account.
- 5) With respect to all Project Costs other than Permitted Arena Costs, after the District has funded the District Reimbursement Amount through the District Account, (a) the District, through the District Account, shall fund forty-four and eight-tenths of one percent (44.8%) of such Project Costs, and (b) ArenaCo, through the ArenaCo Account, shall fund fifty-five and two-tenths of one percent (55.2%) of such Project Costs (in each case, with respect to Work related to the Public Plaza, to the extent in excess of the amount paid or to be paid by the City from the City Commitment for Work related to the Public Plaza pursuant to (10) below), until the District Commitment has been fully funded; provided, that (i) with respect to such Project Costs that have been previously funded by ArenaCo, the District shall direct the Escrow Agent to pay directly to ArenaCo, through the District Account, an amount equal to forty-four and eight-tenths of one percent (44.8%) of such Project Costs and (ii) ArenaCo may (without obligation) fund the payment of Project Costs directly without seeking funding from the District and may thereafter seek catch up funding from the District in which event, for purposes of the catch up funding, the Allocable Share shall be adjusted to take into account such catch up funding.
- 6) After the District Commitment and Kohl Commitment (net of any GMF Reimbursed Amount paid by the District and without taking into account any default interest paid with respect to the Kohl Commitment) have been fully funded, ArenaCo, through the District Account shall fund directly such Project Costs until all such Project Costs have been paid in full.
- 7) Notwithstanding anything to the contrary contained herein, if for any reason ArenaCo has funded (either through cash on hand or borrowed funds) an aggregate amount equal to or in excess of the ArenaCo Commitment (net of any ArenaCo Reimbursed Amount paid by the District) for Permitted Arena Costs, but the District through the District/GMF Contribution Account has not contributed funds in the aggregate equal to the entire Kohl

Commitment (net of any GMF Reimbursed Amount paid by the District and without taking into account and default interest payable by Kohl, KPG and GMF as set forth in the Contribution Agreement) to the District for Permitted Arena Costs, then the District through the District/GMF Contribution Account shall fund one hundred percent (100%) of the Permitted Arena Costs that would otherwise be required to be funded by ArenaCo pursuant to the Funding Agreement (*i.e.*, the District will fund all of such amount through the District/GMF Contribution Account, and ArenaCo will not be required to fund any of such amount), until the Kohl Commitment (net of any GMF Reimbursed Amount paid by the District and without taking into account any default interest paid with respect to the Kohl Commitment) has been fully funded.

- 8) Notwithstanding anything to the contrary contained herein, in no event shall the District be obligated to fund any Permitted Arena Costs through the District/GMF Account, unless and until it receives such funds from Kohl Parties under the Contribution Agreement, and then only in accordance with the terms and conditions of the Contribution Agreement, and, further, in no event shall the District have any liability to ArenaCo for any act or omission of any Kohl Party, except to the extent such act or omission is a result of a material breach of the Funding Agreement by the District with respect to the Kohl Commitment. Notwithstanding anything to the contrary contained herein, to the extent that the Kohl Parties fail to fund any Permitted Arena Costs required by the Contribution Agreement (other than due to the District's material breach of the Funding Agreement), ArenaCo shall be responsible for making up the amount of such shortfall, and, in such event, unless and until ArenaCo funds the amount of such shortfall, the District shall have no obligation to fund any Project Costs through the District Account as required under (4) and (5) above.
- 9) Notwithstanding anything to the contrary contained herein, in no event shall ArenaCo be obligated to fund any Project Costs from the ArenaCo Account if the Lender refuses to advance funds under the ArenaCo Loan because the District fails to fund any Project Costs that are required to be funded under the Funding Agreement pursuant to the applicable Disbursement Request in breach of the Funding Agreement with respect to the District Commitment or in material breach of the Funding Agreement with respect to the Kohl Commitment.
- 10) Notwithstanding the foregoing, (a) on the date that the conditions for funding the City Commitment for Work related to the Public Plaza set forth in the Funding Agreement are satisfied (or waived), an amount equal to such Project Costs for Work related to the Public Plaza paid by ArenaCo prior to such date and thereafter, an amount equal to such Project Costs for Work related to the Public Plaza, by the City, through the City Account, from the funds deposited into the City Account under the Funding Agreement, until the City Commitment for Work related to the Public Plaza been fully funded and (b) on the date that the conditions for funding the City Commitment for the Parking Facilities Work set forth in the City Disbursement Agreement are satisfied (or waived), the Project Costs for the Parking Facilities Work shall be funded and disbursed in accordance with the City Disbursement Agreement.

- 11) Except for purposes of calculating the ArenaCo Previously Paid Arena Costs, the Adjusted ArenaCo Previously Paid Arena Costs, the ArenaCo Paid amount and the aggregate amount of Permitted Arena Costs funded by ArenaCo for purposes of (7) above, all of which calculations shall take into account Permitted Arena Costs incurred before, on or after the date of the Funding Agreement, all other references to Permitted Arena Costs in the Funding Agreement (including all other references in the Funding Agreement to amounts to be contributed by the District through the District/GMF Contribution Account for the payment of Permitted Arena Costs) shall be deemed to refer only to Permitted Arena Costs incurred (and only as they are incurred) after the date of the Funding Agreement.

Disbursement Requests

Pursuant to the Funding Agreement, ArenaCo may from time to time (but no more frequently than once each calendar month) submit to the District and the City, the Escrow Agent, Lender, Independent Engineer (as defined below) and PC Sports, Inc. or such other person designated by the District (the "**District Representative**") a request for disbursement of funds (a "**Disbursement Request**") for the payment of Project Costs that were actually incurred and not previously funded from such party's Project Account (including the District/GMF Contribution Account in the case of the District), less the retainage actually withheld under a construction contract (including, without limitation, the Contractor Agreement) (the "**Retainage**"). Retainage shall be not less than ten percent (10%) of costs under the applicable construction contract, subject to reduction upon attainment of certain milestones set forth in or as otherwise permitted by the applicable construction contract; provided, however, that no retainage shall be required to be withheld on any applicable contractor's fees or general conditions payments. Disbursement Requests must also include submission of lien waivers, and certification by ArenaCo that all amounts included in the Disbursement Request are Project Costs incurred in accordance with the Funding Agreement and that, for all Disbursement Requests other than the final Disbursement Request, the Disbursement Request excludes any Retainage required to be withheld under the Funding Agreement. Disbursement Requests must also include ArenaCo's certification that after payment is made for the Disbursement Request, the sum of (a) the unfunded portion of the District Commitment, (b) the unfunded portion of the City Commitment, (c) the unfunded portion of the Kohl Commitment, (d) the unfunded portion of the ArenaCo Loan, and (e) any equity or other funding held in the ArenaCo Account or in any reserve accounts held by Lender, if any, will not be less than the sum of (i) the Project Costs required to complete the Work and the Parking Facilities Work as set forth in the then current Approved Budget, plus (ii) the estimated Project Costs for any (x) Construction Work Modifications (as defined in the Development Agreement), and (y) other agreed upon changes in the Work or the Parking Facilities Work, of any contractor, including Arena Contractor, the Parking Facilities Contractor and any Other Contractor, that have been approved by ArenaCo but have not yet been incorporated into the then current Approved Budget.

In addition, each Disbursement Request must be accompanied by a certificate of the firm designated by the Lender to monitor the construction of the Arena (the "**Independent Engineer**") stating that the Independent Engineer has:

- inspected the Work as described in the Disbursement Request;
- confirmed that the Work has been performed (a) to the extent described in the Disbursement Request (on a percentage-of-completion basis), and (b) in accordance with the Development Agreement and, in the case of Work related to the Public Plaza, the City Development Agreement;
- confirmed that the Disbursement Request, other than the final Disbursement Request, does not include release of any Retainage to the extent required to be withheld as set forth in the Funding Agreement; and
- confirmed that, after payment is made under the Disbursement Request, the sum of (a) the unfunded portion of the District Commitment, plus (b) the unfunded portion of the City Commitment, plus (c) the unfunded portion of the Kohl Commitment, plus (d) the unfunded portion of the ArenaCo Loan, and plus (e) any equity or other funds held in the ArenaCo Account or in any reserve accounts held by Lender, if any, will not be less than the sum of (i) the Project Costs required to complete the Work and Parking Facilities Work as set forth in the then current Approved Budget, plus (ii) the estimated Project Costs for any (x) Construction Work Modifications, and (y) other agreed upon changes in the Work or Parking Facilities Work, from any contractor, including the Arena Contractor, the Parking Facilities Contractor and any Other Contractor, that have been approved by ArenaCo but have not yet been incorporated into the then current Approved Budget.

If the Independent Engineer is unable to make the confirmation regarding the sufficiency of funds to complete the Work and the Parking Facilities Work described above, ArenaCo shall deposit into the ArenaCo Account (to the extent the deficiency relates to the Work) or the account established by ArenaCo and Lender to fund the Parking Facilities Work that is not funded by the City Commitment (to the extent the deficiency relates to the Parking Facilities Work) the amount of the deficiency as determined by the Independent Engineer.

Force Majeure Events

Under the Funding Agreement, failure in performance by a Party under the Funding Agreement due to a Force Majeure Event shall not be deemed a breach of the Funding Agreement. In addition, when the Funding Agreement provides a time for the performance of any obligation, the time provided is extended if compliance is not possible due to a Force Majeure Event. The extension time shall be equal to one day for each day the Force Majeure Event prevents compliance. "**Force Majeure Event**" means any act, event, or condition that is beyond the reasonable control of the Party asserting the Force Majeure Event, if it prevents or delays such Party from performing any obligation under this Agreement, including, without limitation, the following: any act of public enemy, terrorism, blockade, war, insurrection, civil disturbance, explosion or riot; epidemic; landslide, earthquake, fire, storm, flood, washout or other catastrophic weather event; any other act of God; and any strike, lockout, labor dispute or other industrial disturbance.

CONTRIBUTION AGREEMENT

General

Under the Contribution Agreement, KPG and Kohl represent and warrant that, as of the date of the Contribution Agreement, KPG and Kohl together have cash equal in aggregate to the Kohl Commitment of \$100,000,000 (the "**Contribution Amount**") in their respective accounts and agree to make available to GMF cash equal in the aggregate to the Contribution Amount at the times required under the Contribution Agreement. GMF agrees pursuant to the Contribution Agreement to contribute to the District all funds made available to GMF by KPG and Kohl for the sole specific public purpose of paying Permitted Arena Costs. "**Permitted Arena Costs**" are defined in the Contribution Agreement to mean all costs reasonably necessary for the design, development, construction, fixturing and equipping of the Arena, together with all infrastructure necessary for the Arena, including costs for the following: (a) design and development expenses (*e.g.*, architect fees and expenses and other third-party design and pre-construction expenses); (b) demolition and removal of any existing facilities; (c) site preparation and grading; (d) environmental sampling, mitigation and remediation; (e) permits; (f) insurance; (g) utility improvements and relocations; (h) land acquisitions; (i) project manager fees and expenses; (j) materials and labor; (k) other fees and expenses of the preconstruction consultant and contractors; (l) any offsite infrastructure included in the Arena work; (m) testing and inspection; and (n) fees and expenses for District consultants, advisors and attorneys; provided, however, that Permitted Arena Costs shall not in any event include any costs and expenses related to lobbying. For purposes of the Contribution Agreement, Permitted Arena Costs specifically excludes costs related to the Public Plaza and the Parking Facilities.

Conditions to Funding

Under the Contribution Agreement, Kohl, KPG and GMF shall not have an obligation to make any payments until (i) the District and ArenaCo and/or their respective affiliates, as applicable, and all other applicable parties thereto have duly executed the Funding Agreement, the Development Agreement, the Non-Relocation Agreement, and the Arena Agreement, (ii) the District has received confirmation that ArenaCo and its institutional lender(s) have duly executed loan documents allowing for funding proceeds of a loan of at least one hundred seventy million dollars (\$170,000,000) from such institutional lender(s) and (iii) the Arena Land, other than the Public Plaza, has been conveyed to the District.

Funding Process

Pursuant to the Contribution Agreement, the District shall submit to GMF and KPG, no more frequently than once per month, a request for the GMF to contribute a portion of the Contribution Amount for the payment of Permitted Arena Costs (a "**Contribution Request**"). The amount requested under a Contribution Request is subject to a pro rata funding formula set forth in the Contribution Agreement based on the amount of Permitted Arena Costs previously paid by ArenaCo and GMF pursuant to prior Contribution Requests. After receiving a Contribution Request, KPG shall contribute funds equal to the requested amount to GMF within 24 hours if the Contribution Request is received on a business day during business hours (for banking purposes) and the next day following receipt is also a business day. One additional business day shall be permitted to transfer such funds if the Contribution Request is received either on or immediately prior to a non-business day or outside business hours. After receiving funds equal to the requested amount from KPG, GMF shall contribute funds equal to the

requested amount to the District within 24 hours if the funds from KPG are received on a business day during business hours (for banking purposes) and the next day following receipt is also a business day. One additional business day shall be permitted to transfer such funds if the KPG funds are received either on or immediately prior to a non-business day or outside business hours.

Under the Contribution Agreement, if, after good faith inquiry and reasonable diligence, GMF at any time determines that any of the Contribution Amount paid by GMF to the District has been used to pay amounts other than Permitted Arena Costs, then GMF shall promptly notify the District thereof (which notice shall include an explanation of GMF's determination) and GMF shall have the right to withhold future payments of the Contribution Amount hereunder until GMF receives assurance that it deems adequate, in its reasonable judgment, that the Contribution Amount has been and will be used in the future only for Permitted Arena Costs.

Kohl Guarantee

Pursuant to the Contribution Agreement, Kohl pledges to gift, or to cause to be gifted, funds to KPG equal to the difference between the requested amount of any Contribution Request validly made under the Contribution Agreement and the amount of the funds actually contributed to GMF by KPG. Kohl may make such gift directly to the District at his sole option. Any funds gifted (i) by Kohl to KPG that are then made available to GMF and contributed to the District or (ii) by Kohl to the District shall be treated as any other funds contributed by GMF for the purposes of the Contribution Agreement.

CITY DISBURSEMENT AGREEMENT

General

The City Disbursement Agreement provides for the terms of disbursement of the City Commitment for the Parking Facilities. The City has funded a portion of its City Commitment for the Parking Facilities, and has deposited with the Escrow Agent under the City Disbursement Agreement, \$27,000,000 of proceeds from its issuance of extendable municipal commercial paper (which it intends to replace with \$27,000,000 of proceeds from its issuance of general obligation bonds) (the "**TID 22 Contribution**"). The City funded the remaining \$8,000,000 of its City Commitment for the Parking Facilities with net proceeds from the sale of a bond issued by the Redevelopment Authority of the City of Milwaukee ("**RACM Bond**") to ArenaCo or its affiliate (the "**TID 84 Contribution**" and together with the TID 22 Contribution, the "**City Parking Facilities Contribution**").

Preconditions to Disbursements

Under the City Disbursement Agreement, none of the TID 22 Contribution shall be disbursed until the City has confirmed to the Escrow Agent that all preconditions of the City Development Agreement have been met. The preconditions under the City Development Agreement are:

- a) the City, ArenaCo and RACM must be reasonably satisfied that funding mechanisms are in place or substantially progressing for all funds needed for construction of the Arena and Live Block Plaza, including \$47,000,000 from the City, \$203,000,000 from the District, \$100,000,000 from Kohl (or GMF) and at least \$150,000,000 from ArenaCo;

- b) the District and ArenaCo have entered into the agreements required under Act 60 for the Arena and the Live Block Plaza;
- c) obtaining a final determination from the City regarding whether the 4th Street right-of-way will be vacated, converted to a pedestrian mall or remain open to vehicular traffic between West Juneau Avenue and West Highland Avenue on or before May 1, 2016;
- d) the detailed planned development for the Arena and Parking Facilities being approved by the City;
- e) On or before April 1, 2016, ArenaCo and the County entering into a development agreement with respect to the conveyance of Block 7 and the construction of the Parking Facilities and requiring the Parking Facilities to be conveyed to the City upon completion of the Parking Facilities consistent with the requirements of the City Development Agreement.

Disbursements

Prior to a disbursement under the City Disbursement Agreement, ArenaCo must provide to the City and the Escrow Agent with respect to the Parking Facilities, (i) a sworn statement from the Arena Contractor setting forth all contractors and materialmen with whom ArenaCo or the general contractor has contracted amounts of contracts, amounts paid to date, amounts of current payments and balance due (with supporting documentation) and copies of all change orders, (ii) signed final lien waivers for all costs paid in prior disbursements and conditional lien waivers subject to payment of the current disbursement request, (ii) a report or certification from the architect certifying that work with respect to the Parking Facilities has been completed and materials are in place as indicated by the request for payment of ArenaCo, and (iv) a report or certification confirmed by the architect and general contractor certifying that the work completed so far is consistent with the final plans, certifying the percentage of construction that has been completed on the Parking Facilities to date, certifying the costs that have been expended to date and certifying the estimated costs for the work that remains to be done.

Pursuant to the City Disbursement Agreement, as expeditiously as reasonably possible after the City receives the items described in the paragraph above (but no more than 30 days), the City shall approve or reject ArenaCo's request for disbursement of funds. The only basis for objection to disbursement requests are non-compliance with the requirements of the City Disbursement Agreement or the provisions of the City Development Agreement relating to construction of the Parking Facilities, or alleged discrepancies, inaccuracies, misstatements or misrepresentations in the contractor's statement. Upon receipt of approval by the City of the requested disbursement, the Escrow Agent shall transmit sufficient funds within one business day directly to ArenaCo.

Under the City Disbursement Agreement, in the event that the report provided by ArenaCo reveals that the remaining funds under the City Disbursement Agreement not yet disbursed are not sufficient to pay for all of the estimated costs for work that remains to be done to complete the Parking Facilities, ArenaCo shall deposit with the Escrow Agent sufficient funds to cover such deficiency or provide such other assurances reasonably acceptable to the City that sufficient funds are available to cover such deficiency. The City may, at its discretion, withhold approval of any future disbursement requests until such deposit has been made by ArenaCo or such assurances provided.

Supplement to Escrow Agreement

The City and ArenaCo acknowledge that (a) additional funds from the City's Tax Incremental Financing District No. 84 shall subsequently be deposited with the Escrow Agent, which shall thereupon be disbursed in accordance with the terms of the City Disbursement Agreement, provided that the TID 22 Contribution shall be fully depleted before any of the TID 84 Contribution is disbursed; (b) any TID 84 Contribution funds remaining in the possession with the Escrow Agent following completion of the Parking Structure (as defined in the City Disbursement Agreement) and payment in full of all costs pertaining thereto shall be applied to the Plaza Contribution (as defined in the City Disbursement Agreement) and in such event, City and ArenaCo shall amend the City Disbursement Agreement or provide for the disbursement of such excess funds under a separate disbursement agreement to accommodate such use.

Pursuant to the First Amendment to Escrow Disbursement Agreement dated as of May 1, 2016 (the "**First Amendment to City Disbursement Agreement**"), (i) the City deposited the TID 84 Contribution with the Escrow Agent and (ii) the TID 22 Contribution shall be fully depleted before any of the TID 84 contribution is disbursed.

ARENA AGREEMENT

Term

The District and ArenaCo have entered into the Arena Agreement pursuant to which the District leases to ArenaCo, and ArenaCo leases from the District, the Arena Land and the Arena during the Leasehold Term (as defined below) and ArenaCo has the option to purchase the Arena Land and the Arena (and assume the Pedestrian Mall Lease and the Airspace Lease) from the District at the end of the Leasehold Term. The term of the District's lease of each applicable portion of the Arena Land and the Arena to ArenaCo (the "**Leasehold Term**") commences on the District's acquisition of such portion of the Arena Land (or the District's lease of the Pedestrian Mall under the Pedestrian Mall Lease or airspace under the Airspace Lease) as contemplated by the Arena Agreement and expires on the Expiration Date, unless terminated earlier as expressly provided for in the Arena Agreement. The "**Expiration Date**" is the date on which the Team Use Agreement expires pursuant to its terms.

Defaults

Under the Arena Agreement, an "**ArenaCo Default**" will occur if: (i) ArenaCo materially breaches any material provision of the Arena Agreement applicable to ArenaCo, and such material breach continues for a period of sixty (60) days after written notice thereof by the District to ArenaCo; or, if such material breach cannot reasonably be cured within such sixty (60) day period, ArenaCo does not commence to cure such material breach within such sixty (60) day period or, after commencing to cure such material breach, does not thereafter pursue such cure in good faith to completion; (ii) if the Leasehold Estate (defined as ArenaCo's leasehold and subleasehold estate and all other rights, titles and interests of ArenaCo under the Arena Agreement) is taken upon execution or by other process of law attached against ArenaCo, or is subject to any attachment by any creditor or claimant against ArenaCo and such attachment is not discharged or disposed of within ninety (90) days after levy; or (iii) if ArenaCo files a petition in bankruptcy or insolvency, or for reorganization or arrangement under any applicable laws related to bankruptcy or insolvency, or voluntarily takes advantage of any such applicable laws by answer or otherwise, or dissolves or makes a general assignment for the benefit of creditors, or

involuntary proceedings under any such applicable laws or for the dissolution of ArenaCo are instituted against ArenaCo, or a receiver or trustee is appointed for the Leasehold Estate or for all or substantially all of ArenaCo's property, and such involuntary proceedings are not dismissed or such receivership or trusteeship vacated within ninety (90) days after such institution or appointment.

If any ArenaCo Default occurs, the District has the right (but not the obligation) to make any payment or take any action necessary to cure any ArenaCo Default and demand payment from ArenaCo for making such payment or taking such action. The District may also seek to obtain damages, specific performance or other equitable relief. Failure of ArenaCo to pay such damages within fifteen (15) days after such award becomes final and non-appealable or failure to otherwise comply with such award within the time periods set forth therein or within a reasonable period of time will permit the District to terminate the Arena Agreement. The District's remedies are subject to the rights of the Leasehold Mortgagees and Mezzanine Lenders (each as described in the Arena Agreement). Upon such termination, if no new agreement is entered into, the District shall provide written notice to TeamCo within ten (10) business days. No later than sixty (60) days after TeamCo's receipt of such notice, TeamCo or an affiliate and the District shall enter into (and if they fail to do so, shall be deemed to have entered into) a new lease of the Arena and the Arena Land with the District effective as of (or retroactively to) the date of the termination of the Arena Agreement, for the remainder of the Term, as if no termination had occurred, on the same terms and provisions of the Arena Agreement, including the purchase option and all other rights, options, privileges and obligations of the Parties hereunder, but excluding any requirements that have already been performed or no longer apply (the "**Step-In Agreement**").

Under the Arena Agreement, ArenaCo shall have the option to purchase the Arena Land (and assume the Pedestrian Mall Lease and the Airspace Lease) and all improvements thereon (including the Arena) at the fair market value within six months prior to the expiration of Expiration Date or within six months of termination of the Agreement as described under "Insurance; Damage or Destruction" below if TeamCo has committed that the Team will play its home games at the Arena and/or another arena in the State for five NBA seasons immediately following the Expiration Date.

Permitted Uses

Under the Arena Agreement, during the Leasehold Term, ArenaCo is permitted to use the Arena Land and the Arena for any and all uses that are permitted by applicable law, including (i) to perform and engage in the design, development and construction of the Arena on the Arena Land, together with all infrastructure necessary for the Arena, prior to the Substantial Completion Date, (ii) to access and use any portion of the Arena prior to the Substantial Completion Date for move-in, stocking, finishing of the Arena (including installation of furniture, fixtures and equipment) to prepare the Arena for its intended use, employee training other customary pre-opening activities and to provide TeamCo the rights granted to TeamCo pursuant to the Team Use Agreement, (iii) the "Permitted Uses" by the Team under the Team Use Agreement, (iv) to host other Events, including other professional or amateur sporting and competitive events, exhibitions and tournaments (which may include serving as the home arena of another professional, semi-professional or collegiate sports team), concerts and other musical performances, theater performances, family shows, other forms of live entertainment, award shows, charitable events, private parties, conventions, trade shows, exhibitions, markets, fairs, meetings and community- or civic-oriented events, (v) other uses for operations and management and advertising as contemplated by the Arena Agreement, (vi) use of administrative offices and (vii) any other use that is ancillary or incidental to any of the foregoing uses.

Under the Arena Agreement, ArenaCo is prohibited from using the Arena Land and Arena for certain purposes, including, among other uses, a casino, warehouse and distribution, industrial services, manufacturing, fabrication or assembly, residential uses or other uses substantially similar that are detrimental to the image of, or cause embarrassment to, the District. ArenaCo also agrees that so long as the District owns or operates the Milwaukee Theatre or owns or operates the UW Milwaukee Panther Arena, ArenaCo will not solicit the applicable third parties for purposes of hosting certain specified events held at those facilities without the prior written consent of the District (which may be withheld at the District's sole discretion) or host any of such events without the prior written consent of the District (not to be unreasonably withheld, conditioned or delayed, taking into account the desire to not have any such events be hosted outside of the City).

Under the Arena Agreement, the District reserves the right to use the Arena for up to eight (8) civic-oriented events and up to twelve (12) other minor events (collectively, the "**District Events**") each Operating Year (an "**Operating Year**" is July 1 to June 30) subject to the conditions of the Arena Agreement. The Arena Agreement provides for a framework for scheduling and managing such District Events. The District is entitled to retain all revenues exclusively relating to District Events (other than parking for minor events), but such revenues are not Tax Revenues or part of the Trust Estate and are not pledged to the payment of the Series 2016 Bonds.

Management and Operations

Under the Arena Agreement, ArenaCo shall be responsible for paying, throughout the Leasehold Term after the Substantial Completion Date, all costs necessary to manage and operate the Arena in accordance with the Arena Agreement, including, subject to the terms and conditions of the Arena Agreement, all costs of maintenance, repairs, replacements, renovation, remodeling, removal, alterations, improvements and insurance, as well as all taxes, with respect to the Arena and the Arena Land. During the Leasehold Term after the Substantial Completion Date, the operations and management of the Arena shall be performed by (i) ArenaCo or its affiliate, (ii) an unrelated third-party management company engaged by ArenaCo or (iii) a new operator; provided, that such unrelated third-party management company or new operator (other than Leasehold Mortgagee (defined as the holder of a Leasehold Mortgage) so long as Leasehold Mortgagee diligently pursues engagement of such an experienced third-party management company) shall have at least five (5) years' experience in operating and managing at least three (3) other multi-purpose entertainment and sports centers that serve as the home venue of an NBA team.

Maintenance; Additions; Capital Repairs

During the Leasehold Term after the Substantial Completion Date, ArenaCo shall perform routine and regular maintenance and repairs so as to maintain the Arena Land and the Arena, including its fixtures, machinery, equipment, improvements and other components, in accordance with the maintenance and repair standards contained in the Arena Agreement in all material respects. During the Leasehold Term after the Substantial Completion Date, subject to the terms of any agreement entered into with the City or the County, ArenaCo shall be solely responsible for furnishing sufficient water, sewer, natural gas, heat, air-conditioning, electric, telephone, Internet and other utilities and hookups as are necessary to operate the Arena.

During the Leasehold Term after the Substantial Completion Date, ArenaCo shall be solely responsible for, and shall timely make with reasonable diligence, all Additions and Capital Repairs required to (x) provide a level of amenities and technology, taken as a whole, at the Arena that is at or above the median level (i.e., in the top half) of amenities and technology, taken as a whole, provided at the arenas in the United States that serve as home arenas for NBA teams (without any single attribute alone being determinative) and (y) otherwise comply with the Maintenance and Repair Standard specified in the Arena Agreement in all material respects. ArenaCo may also make, at its discretion, such other Additions and Capital Repairs as it believes are appropriate. "**Additions and Capital Repairs**" means, collectively, any capital improvements, capital additions, capital repairs, capital replacements, capital restoration or other capital work with respect to the Arena, including the furniture, fixtures, machinery and equipment thereat, and any capital improvements or capital additions to the Arena Land, the depreciable life of which, according to U.S. generally accepted accounting principles, consistently applied, is in excess of one year. ArenaCo shall also replace (and not repair) an item at the Arena if it (w) is substantially worn out, (x) has reached the end of its useful life and is either obsolete or uneconomical to maintain and fails to perform to original specifications, (y) is not functioning correctly and cannot be repaired or cannot be economically repaired or operated, or (z) is no longer deemed safe. All replacements shall be of at least a quality and functionality consistent with the item being replaced and otherwise comply with the maintenance and repair standards set forth in the Arena Agreement in all material respects.

Capital Fund

No later than the Substantial Completion Date, ArenaCo is required to establish (and thereafter shall maintain) a separate, interest-bearing account in ArenaCo's name at a bank or other institution reasonably acceptable to the District (such account, the "**Capital Fund**"). The sole purpose of the Capital Fund is to accumulate and segregate funds to provide a non-exclusive source of payment for, and ArenaCo shall have the right to draw funds from the Capital Fund from time to time to pay for the costs and expenses incurred by ArenaCo solely in connection with, Additions and Capital Repairs that ArenaCo makes or to reimburse ArenaCo for such costs and expenses. The funds in the Capital Fund may not be used for any other purpose (except to the extent distributions are made upon the expiration or earlier termination of the Arena Agreement). ArenaCo shall be required to deposit into the Capital Fund half of the following amount by September 1st of the applicable Operating Year (or, if later, by the fifteenth day following the Substantial Completion Date for the first Operating Year) and half of the following amount by January 1st of the applicable Operating Year (or, if later, by the fifteenth day following the Substantial Completion Date for the first Operating Year): (i) \$1,000,000 each of the first through tenth Operating Year, (ii) \$2,000,000 each of the eleventh through twentieth Operating Year and (iii) \$3,000,000 for each Operating Year thereafter (other than the final Operating Year). If the Capital Fund is insufficient to cover any such costs and expenses for Additions and Capital Repairs, ArenaCo shall pay when due the applicable third-party amounts required to cover those costs and expenses that exceed the amount of funds in the Capital Fund. Any amounts subsequently deposited in the Capital Fund shall be used to promptly reimburse ArenaCo for any and all such amounts so funded by ArenaCo, on the conditions that no such reimbursement may reduce the amount in the Capital Fund below: (i) \$2,000,000 for the second Operating Year and (ii) for each subsequent Operating Year, the minimum amount for the immediately prior Operating Year increased by an annual adjustment (between two percent and three percent depending on changes in the Consumer Price Index) for such subsequent Operating Year.

Right of Inspection

Under the Arena Agreement, ArenaCo must permit the District or its authorized agents or representatives to enter the Arena at all reasonable times during a business day upon at least one (1) business day's prior written notice to ArenaCo for the purposes of (A) inspecting the Arena and ArenaCo's compliance with the terms and conditions of the Arena Agreement and (B) during the last eighteen (18) months of the Leasehold Term then in effect, exhibiting the Arena to other persons who have indicated an interest in operating the Arena for the District upon expiration of the Leasehold Term (to the extent the District reasonably expects to own the Arena upon expiration of the Leasehold Term); provided, however, that (x) any such entry shall be conducted in such a manner as to minimize interference with the business being conducted in (including any event being held at) the Arena (whether by ArenaCo, TeamCo or other authorized persons) and not with the intent of viewing an event without paying for tickets therefor; and (y) a representative from TeamCo shall have the right to accompany the District and any of its authorized agents and representatives at all times while such persons are accessing any TeamCo Exclusive Spaces (as specified in the Arena Agreement).

Insurance; Damage or Destruction

Under the Arena Agreement, ArenaCo shall, at its sole expense, unless otherwise agreed by the District in writing, procure and maintain (or cause to be procured and maintained by appropriate contractors or vendors) at a minimum the following insurance coverage during the Leasehold Term after the Substantial Completion Date:

- (A) Property insurance for the Arena covering loss of income, real property and personal property for all risks of physical loss or damage written on the Standard All Risk Property Form in an amount not less than the Minimum Property Insurance Coverage with no coinsurance penalty provisions. **"Minimum Property Insurance Coverage"** means, at any given time, 100% of the full replacement cost (new without deduction for depreciation) of the Arena. The policy shall provide coverage for "all risks" of direct physical loss, including the perils of earthquake, earth movement, flood, and certified and non-certified acts of terrorism.
- (B) Commercial general liability insurance (CGL) written on an "occurrence" policy form and covering liability for death, bodily injury, personal injury, and property damage with limits of not less than \$50,000,000 per occurrence relating, directly or indirectly, to ArenaCo's business operations, conduct or use or occupancy of the Arena. Such coverage shall include all activities and operations conducted by any Person on or about the Arena or Arena Land, and any work performed by or on behalf of ArenaCo at the Arena. Coverage should be as broad as ISO policy form CG 0001, or any replacement thereof that becomes standard in the insurance industry, or an equivalent form reasonably acceptable to the District. Further, if at any time ArenaCo or any of its Concessionaires sells alcoholic beverages at the Arena, ArenaCo's coverage shall include (and ArenaCo shall require its applicable Concessionaire's coverage to include) liquor liability covering liability for death, bodily injury, personal injury and property damage with a limit of \$5,000,000 per occurrence.

In the event of damage to, or destruction of, the Arena, ArenaCo is required to repair and restore the Arena as soon as possible after the date of the damage or destruction, and in any event within twenty four (24) months after the date of the damage or destruction (which time shall be extended by such reasonable time as is commensurate with any reasonable delays due to force majeure events, adjustment or recovery of insurance, preparation of plans and specifications, bidding of contracts and obtaining the necessary approvals from the District and any other person). In connection with any such repair or restoration, (i) the District shall have the right to review all construction plans therefor and to participate in the design and construction process to the same extent and in the same manner as provided for in the Development Agreement and (ii) except to the extent required by NBA rules, ArenaCo shall not approve any material changes in any material aspect of the Arena as originally constructed without the District's prior written approval, which shall not be unreasonably withheld, conditioned or delayed.

However, if the Arena is damaged or destroyed (i) during the last five (5) years of the Leasehold Term then in effect, and (ii) it is reasonably projected to take longer than twelve (12) months from the date of the damage or destruction to repair and restore the Arena, then ArenaCo shall have the right, subject to the rights of any Leasehold Mortgagee pursuant to the Arena Agreement, to terminate the Arena Agreement by delivering written notice to the District within ninety (90) days after the determination that the repair and restoration of the Arena will take longer than twelve (12) months.

Further, if the Arena is damaged or destroyed at any time and the total cost to repair and restore the Arena exceeds the sum of (i) the insurance proceeds actually received by ArenaCo on account of the damage or destruction, (ii) the amount of any applicable deductible or self-retention amount, (iii) the amount of funds in the Capital Fund established under the Arena Agreement at the time of the damage or destruction, (iv) if insurance does not pay out insurance proceeds because such damage or destructions resulted from (1) the gross negligence or willful misconduct of the senior executive management of ArenaCo or TeamCo or (2) the gross negligence or willful misconduct of any other employee of Arena Co or TeamCo, provided such negligence or willful misconduct occurred within the scope of such employee's employment with ArenaCo or TeamCo, the insurance proceeds that ArenaCo would have received had such damage or destruction not resulted from such negligence or willful misconduct and (v) if ArenaCo failed to satisfy the insurance requirements of the Arena Agreement to the extent commercially available and not approved by the District, any insurance proceeds that ArenaCo would have received but for such failure, then ArenaCo shall have the right, subject to the rights of any Leasehold Mortgagee pursuant to the Arena Agreement, to terminate the Arena Agreement by delivering written notice to the District within ninety (90) days after the determination that the foregoing conditions to such termination have occurred. Notwithstanding the foregoing, the District may, by written notice delivered to ArenaCo no later than thirty (30) days following ArenaCo's election to terminate pursuant to this paragraph, elect to pay the amount by which the total cost to repair and restore the Arena exceeds the amounts set forth in clauses (i) through (v) above.

Under the Arena Agreement, the District and ArenaCo have agreed to the following allocation of any insurance proceeds or condemnation award received with respect to the Arena if the Arena Agreement is terminated because ArenaCo elects not to repair and restore the Arena:

- 46% to the Trustee to pay the outstanding amount of the Series 2016 Bonds and the District's appropriation bonds for the Arena; and
- 54% to the ArenaCo lenders to pay the aggregate outstanding amounts of ArenaCo's financings for the Arena.

Such allocation shall continue until the earlier to occur of (i) the full repayment of the outstanding amount of the Series 2016 Bonds and the District's appropriation bonds for the Arena or (ii) the distributions made to the Trustee equal \$215,000,000 (\$12,000,000 of which the Trustee shall pay to the City), or (iii) the full repayment of the aggregate outstanding amounts of the Leasehold Mortgages and the Mezzanine Financing (as described in the Arena Agreement).

Leasehold Mortgage

The Arena Agreement provides that ArenaCo has the right, without the District's consent, to execute and deliver one or more leasehold mortgages encumbering ArenaCo's interest in the Arena Agreement or the direct or indirect ownership interests in ArenaCo (each a "**Leasehold Mortgage**") at any time and from time to time provided that (i) no such Leasehold Mortgage may encumber the District's fee title interest in the Arena Land and the Arena (the "**Fee Estate**"), (ii) the proceeds from the debt secured by such Leasehold Mortgage will not be used for purposes other than the design, development, construction, financing, management, maintenance, repair, replacement, leasing, use or operation of the Arena, the Arena Land, the Parking Facilities and the Practice Facility (as defined in the Team Use Agreement), as well as the demolition of the Current Arena and potentially the related parking structure on such site and the refinancing of mortgage loans related thereto and (iii) each Leasehold Mortgagee must be an institutional lender. The District shall not be required to join in or subordinate the Fee Estate and no such Leasehold Mortgage shall extend to or affect the Fee Estate. Each Leasehold Mortgage must provide that the Leasehold Mortgagee will send to the District copies of all notices of material default sent to ArenaCo in connection with the Leasehold Mortgage or the debt secured thereby, provided that the failure to provide any such notice shall not affect the validity of the notice in any manner.

The Arena Agreement contains detailed provisions relating to Leasehold Mortgages and the rights of Leasehold Mortgagees including the right, but not the obligation, of the Leasehold Mortgagees to perform any obligation of ArenaCo under the Arena Agreement and to remedy any default by ArenaCo. In addition, any Leasehold Mortgagee will be entitled to institute proceedings to obtain possession of the Arena as mortgagee (including possession by a receiver) or to acquire directly, or cause its assignee, nominee, or designee to acquire, ArenaCo's rights under the Arena Agreement and to cause the District to enter into a replacement agreement with a new qualified operator selected by the Leasehold Mortgagee.

Payments to District

Under the Arena Agreement, ArenaCo will pay the District an annual fee for each Operating Year (the "**Annual Fee**") of \$1,000,000 subject to annual adjustments as provided for under the Arena Agreement (or reductions for force majeure events under the Arena Agreement). The Annual Fees are not Tax Revenues or part of the Trust Estate and are not pledged to the payment of the Series 2016 Bonds.

The Arena Agreement provides for the remittance of the ticket surcharges collected under Act 60 (the "**District Ticket Surcharge**") from ArenaCo to the District. The District Ticket Surcharge amounts are not Tax Revenues or part of the Trust Estate and are not pledged to payment of the Series 2016 Bonds.

Current Arena

Under the Arena Agreement, TeamCo covenants and agrees that TeamCo shall negotiate in good faith for an extension of its lease agreement pursuant to which the Team would use the Current Arena as its home venue until it commences use of the Arena as its home venue pursuant to the Team Use Agreement; provided, however, that the foregoing shall not prevent TeamCo from (A) exercising its rights to terminate such lease agreement in accordance with the terms thereof or (B) using another venue to play the Team's home games in the event of a Force Majeure Event with respect to the Current Arena or in the event that despite such good faith negotiations do not result in a renewal of such lease agreement (and ArenaCo shall not be in breach of the foregoing if such lease renewal is not entered into despite such good faith negotiations so long as TeamCo uses good faith efforts to enter into an agreement to play the Team's home games at an arena in the State that satisfies NBA Rules until it commences use of the Arena as its home venue pursuant to the Team Use Agreement).

Within 60 days of following the later of (i) the Secretary of Administration certifying the occurrence of the Substantial Completion Date and (ii) the 180th day following the District delivering notice to BCSEC of the intended Substantial Completion Date, BCSEC will convey to the District fee title to land including the Current Arena and its related parking structure (the "**BCSEC Property**"). Pursuant to the Arena Agreement, the District will transfer to Head of the Herd LLC, an affiliate of ArenaCo and TeamCo ("**Herd**"), or its designated affiliate, fee title to the BCSEC Property. Within 180 days of such transfer, Herd or its affiliate will commence demolition of the Current Arena pursuant to the terms of the Arena Agreement.

NON-RELOCATION AGREEMENT

Non-Relocation Covenants

TeamCo and the District have entered into the Non-Relocation Agreement pursuant to which the Team agrees to play all of its NBA pre-season games, NBA regular season games and NBA playoff games of the Team that under NBA Rules (as defined in the Team Use Agreement) are designated as "home games" of the team ("**Home Games**") in the Arena, subject to certain limited exceptions as described in the Non-Relocation Agreement.

Under the Non-Relocation Agreement, TeamCo also agrees to:

- (a) maintain its existence as an entity organized under the laws of the State (or the State of Delaware) and shall not dissolve or liquidate without the prior written consent of the District;
- (b) (i) maintain the membership of the Team in the NBA in good standing, (ii) hold, maintain, and defend the right of the Team to play basketball as a member of the NBA, and (iii) subject to certain limited exceptions specified in the Non-Relocation Agreement, oppose the adoption of any NBA Rule that contradicts any of the terms of the Non-Relocation Agreement; provided, however, that the foregoing shall not prohibit TeamCo from voting in favor of adoption of such an NBA Rule if it is (A) not specifically targeted at the Team and (B) bundled or packaged with any other NBA Rule that is unrelated to the subject matter of the Non-Relocation Agreement (though in such a situation TeamCo shall register its objection to such NBA Rule if compliance with such NBA Rule would

cause a default under the Non-Relocation Agreement). Without limiting the generality of the foregoing, TeamCo shall not volunteer for contraction of the Team by the NBA or vote in favor of its contraction;

- (c) maintain its corporate headquarters and its principal place of business within the City limits; and
- (d) cause the name "Milwaukee" to be included in the first part of the Team's name (i.e., the "Milwaukee _____") and TeamCo shall not include any other geographic, city, county, state or country reference in the Team's name.

Under the Non-Relocation Agreement, TeamCo, its affiliates and their respective representatives shall not:

- (a) (i) relocate, attempt to relocate or permit the relocation of the Team outside the boundaries of the City, (ii) change or move the home territory of the Team set forth under NBA Rules in any manner that would exclude the City, or (iii) permit or cause to occur any other event that could reasonably be expected to result in the occurrence of an event described in the foregoing clause (i) or (ii).
- (b) (i) enter into any contract that obligates the Team to play Home Games at any location other than the Arena after the Commencement Date (defined in the Team Use Agreement to mean a date within thirty (30) days after TeamCo is notified in writing of the Substantial Completion Date, provided, however, that if the Substantial Completion Date is between October 1 and June 30, TeamCo may elect to defer the Commencement Date to a date no later than the Team's first Home Game in the immediately following season) or (ii) take any other action that causes or could reasonably be expected to cause the Team's right to play professional basketball in the Arena after the Commencement Date and until the termination of the Non-Relocation Agreement to be lost or materially impaired; provided, however, that the foregoing shall not prevent TeamCo or any of its affiliates from (A) enforcing its rights, and the applicable other party's obligations, under the Team Use Agreement, (B) enforcing its rights, and the District's obligations, under the Arena Agreement, the Funding Agreement and/or the Development Agreement, and (C) taking any action with respect to any strike, lockout, or other labor dispute (provided the Team is not playing Home Games elsewhere during any such period).
- (c) solicit, enter into, or participate in any negotiations or discussions with, or apply for or seek approval from, third parties, including the NBA, with respect to any agreement, legislation, or financing that contemplates, or could reasonably be expected to result in, any action that would contravene or result in contravention of any Non-Relocation Covenant.

The prohibitions set forth above shall not apply to TeamCo's, its affiliates' and their respective representatives' actions, negotiations, discussions, applications, or agreements during the last five operating years of the Initial Term with respect to a proposed relocation, change or move that would not take effect until the termination of the Non-Relocation Agreement.

The covenants and prohibitions set forth in the above paragraphs of this section are collectively referred to as the "**Non-Relocation Covenants.**"

Termination

The Non-Relocation Agreement terminates upon the earliest of: (a) written agreement of the District and TeamCo to terminate the Non-Relocation Agreement, (b) the expiration or earlier termination of the Initial Term (as expressly permitted under the Non-Relocation Agreement) and (c) the termination of the Development Agreement in accordance with the terms thereof. The "**Initial Term**" is defined in the Team Use Agreement to commence on April 13, 2016 and expire on June 30th (or, if later, the end of the basketball season) of the 30th Operating Year following the Commencement Date.

Defaults and Remedies

A "**Non-Relocation Default**" is TeamCo's breach of any of the Non-Relocation Covenants. The Non-Relocation Event establishes two types of Non-Relocation Defaults. A "**Type I Non-Relocation Default**" means any Non-Relocation Default involving (i) the dissolution of the Team, (ii) the contraction of the Team, (iii) the Team's loss of its NBA membership, (iv) the relocation of the Team, (v) the Team's failure to play at least fifty percent (50%) of the Team's Home Games at the Arena during any Basketball Season (which for the avoidance of doubt shall not be deemed a Non-Relocation Default if such failure was due to Home Games being played at an alternate site in accordance with the provisions set forth in the Non-Relocation Agreement). A "**Type II Non-Relocation Default**" means any breach of covenants in the Non-Relocation Agreement related to the covenants to play substantially all home games in the Arena that is not a Type I Non-Relocation Default.

Under the Non-Relocation Agreement, TeamCo and the District acknowledge and agree that there exists no adequate and complete remedy at law to enforce the Non-Relocation Agreement against TeamCo, and that equitable relief by way of a decree of specific performance or an injunction (such as a prohibitory injunction barring the Team from relocating or playing its Home Games at any location other than the Arena in violation of this Agreement or a mandatory injunction requiring the Team to play its Home Games at the Arena in accordance with this Agreement) is the only appropriate remedy for the enforcement of the Non-Relocation Agreement notwithstanding the provisions for liquidated damages set forth in the Non-Relocation Agreement.

Under the Non-Relocation Agreement, TeamCo and the District acknowledge that in the event of a Type I Non-Relocation Default or Type II Non-Relocation Default for which the District is denied the equitable relief described above, the payment of liquidated damages therefor by TeamCo is the next most appropriate remedy. Therefore, if a court of competent jurisdiction determines, in a final and non-appealable order, which shall include for the avoidance of doubt any order made final and non-appealable by the District and TeamCo not appealing such order (a "**Final Order**"), that (i) TeamCo has committed a Type I Non-Relocation Default or a Type II Non-Relocation Default and (ii) the equitable relief described above will not be granted, or is otherwise unavailable, to the District, TeamCo, within forty-five (45) days of both conditions being satisfied, shall pay liquidated damages to the District in an amount equal to (i) in the case of a Type I Non-Relocation Default, an amount set forth in the table below and (ii) in the case of a Type II Non-Relocation Default, an amount equal to \$1,000,000 multiplied by the number of Home Games that were played at an alternative site other than the Arena in breach of the Non-Relocation Agreement; provided, however, that the amount of liquidated damages payable for a Type II Non-Relocation Default shall in no event exceed the amount of liquidated damages that are payable for a Type

I Non-Relocation Default in the applicable Operating Year. If the District shall receive any payment of liquidated damages in an amount in excess of the amounts set forth in this paragraph, the District shall remit any excess to TeamCo. To the extent that the District is required to refund or disgorge (as a result of the bankruptcy of TeamCo or otherwise) any amount paid in connection with the payment of the liquidated damages hereunder, TeamCo shall remain subject to the Non-Relocation Covenants until such amount required to be refunded or disgorged is paid in full.

The schedule of liquidated damages for Type I Non-Relocation Defaults is as follows:

Date of Type I Non-Relocation Default*	Liquidated Damages
Effective Date – Commencement Date	\$553,000,000
Operating Year 1	\$553,000,000
Operating Year 2	\$549,000,000
Operating Year 3	\$543,000,000
Operating Year 4	\$536,000,000
Operating Year 5	\$530,000,000
Operating Year 6	\$524,000,000
Operating Year 7	\$518,000,000
Operating Year 8	\$511,000,000
Operating Year 9	\$505,000,000
Operating Year 10	\$499,000,000
Operating Year 11	\$493,000,000
Operating Year 12	\$486,000,000
Operating Year 13	\$482,000,000
Operating Year 14	\$467,000,000
Operating Year 15	\$452,000,000
Operating Year 16	\$436,000,000
Operating Year 17	\$420,000,000
Operating Year 18	\$403,000,000
Operating Year 19	\$375,000,000
Operating Year 20	\$345,000,000
Operating Year 21	\$314,000,000
Operating Year 22	\$290,000,000
Operating Year 23	\$263,000,000
Operating Year 24	\$236,000,000
Operating Year 25	\$208,000,000
Operating Year 26	\$200,000,000
Operating Year 27	\$200,000,000
Operating Year 28	\$200,000,000
Operating Year 29	\$200,000,000
Operating Year 30	\$200,000,000

* Notwithstanding the definition of "Operating Year" in the Team Use Agreement, if the first Operating Year under the Team Use Agreement commences after the NBA All-Star Game during the Basketball Season of such first Operating Year, then, for the purposes of this Exhibit A only (and for no other purpose under this Agreement or any other Project Agreement), the first Operating Year shall be automatically extended through the end of the second Operating Year under the Team Use Agreement. For the avoidance of doubt, if the first Operating Year is so automatically extended, then there shall not be less than 30 Operating Years for the purposes of this schedule (and the Type I Non-Relocation Default liquidated damages thereunder in the last Operating Year shall be \$200,000,000).

Under the Non-Relocation Agreement, in the event of recovery of liquidated damages, such damages will first be used to pay any attorney's fees that are not covered by TeamCo, and the remaining liquidated damages shall then be allocated by the District 18.8% to the City and 81.2% to the District. The liquidated damages allocated to the District shall be held in trust by the District and used as follows: (i) within 60 days of recovery of the liquidated damages, the District shall determine whether it is required to, or whether it is economically feasible to, immediately pay off the balance of the outstanding debt incurred by the District to finance the original District Commitment, and if the District so determines, then said trust funds shall be used by the District to promptly pay off said debt, (ii) if any trust fund proceeds remain after paying off of said debt, then the District shall determine the future operating, repair, maintenance and replacement costs of the Arena and set aside a sufficient amount of funds in a dedicated account to be used by the District exclusively for maintenance, repair, operation and replacement of the Arena, (iii) if the District determines that it is not required to, nor is it economically feasible to, immediately pay off the balance of the outstanding debt incurred by the District to finance the original District commitment, then the District shall place such trust funds in a dedicated account to be used exclusively (x) to service and pay for the remaining outstanding debt incurred to finance the original District Commitment and (y) to pay for maintenance, repair, operation and replacement of the Arena, provided, however, that the District will annually review the economic feasibility of immediately paying off said debt in full rather than continuing to service the debt, and (iv) if any trust fund proceeds remain after paying off of said and after setting aside (or expending) sufficient funds to maintain, repair, operate and replace the Arena, then any remaining balance shall be allocated among the District, the County and the State as follows: 42.6% to the District, 28.7% to the County, and 28.7% to the State.

The District must use liquidated damages (net of certain other expenses and fees) to redeem the Appropriation Bonds. Although the amount of liquidated damages is expected to be in excess of all debt incurred by the District for the Arena, the enforceability of the Non-Relocation Agreement relative to liquidated damages is in many respects dependent upon judicial actions which are, in turn, often subject to discretion and delay. See "RISK FACTORS – Relocation and Enforceability of Non-Relocation Agreement."

Transfers

Under the Non-Relocation Agreement, upon written notice to the District, TeamCo may make a sale, transfer, assignment or other disposition of TeamCo's right, title, or interest in and to the Team (a "**Transfer**") or grant a pledge, security interest, lien, charge or mortgage (a "**Lien**") provided, however, that any such Transfer or grant of a Lien shall be (i) conditioned on the person who acquires the Team or holds any Lien being approved by the NBA in accordance with the NBA Rules as an owner of the Team or the holder of a Lien and (ii) made or granted subject to the requirements and obligations of TeamCo under the Non-Relocation Agreement, including compliance in all respects with the Non-Relocation Covenants, so that any person who acquires the Team (including, if applicable, the NBA), either pursuant to any such Transfer or pursuant to any foreclosure or other action against any such Lien, shall acquire and take the Team therein subject to all of the Non-Relocation Covenants and the other terms of the Non-Relocation Agreement. No Transfer (including, if applicable, to the NBA) or grant of a Lien shall change, limit, release or otherwise affect the obligations of TeamCo under the Non-Relocation Agreement.

TEAM USE AGREEMENT

ArenaCo and TeamCo have entered into the Team Use Agreement pursuant to which ArenaCo grants TeamCo a license to use the Arena, including for the Team to play its Home Games at the Arena. The term under the Team Use Agreement is the Initial Term, and the Team Use Agreement provides for the TeamCo's option to renew the Initial Term for two additional five (5) year terms.

TeamCo's license allows TeamCo to use and occupy the Premises for Permitted Uses. "Premises" is defined in the Team Use Agreement to mean all portions of the Arena reasonably beneficial or desirable for, or incidental to, any Permitted Use, including the Team's locker rooms, private areas for family members of the Team's players and coaches, Team storage facilities, Team training and medical facilities (including the weight room) and Team office space, restaurant areas, spectator seats and standing room viewing areas, parking spaces for TeamCo and media personnel, press areas, the Arena floor, broadcast studios, broadcast camera locations, communication systems control rooms, lighting control areas and common areas, in accordance with and subject to the terms and conditions set forth in the Team Use Agreement; provided, however, that the Premises shall not include any locker room or office space in the Arena that is for the exclusive use of any professional, collegiate or amateur sports team (other than the Team) that plays all or a substantial portion of its home games at the Arena during any season. "**Permitted Uses**" are defined in the Team Use Agreement to mean (i) use of the Premises for the playing, exhibiting, conducting and presenting of TeamCo events (including Home Games at the Arena) and related set-up, shut-down and other pre- and post-game and halftime activities and events; (ii) use of the TeamCo exclusive spaces to conduct day-to-day business and basketball operations and activities and events related to the Team, including other TeamCo events and use of the practice facility for Team practices, conditioning and rehabilitation, as well as reviewing, developing and implementing on-court strategy; (iii) use of the Premises to market and advertise the Team and TeamCo events; (iv) use of the Premises by multimedia distribution for watching, producing, broadcasting and reporting on TeamCo events and covering other Team activities; (v) use of the Premises for sales of TeamCo event tickets and premium seating licenses and for other activities related to TeamCo operations and the production of TeamCo revenue; (vi) exploitation of advertising rights (including naming rights) in accordance with terms and conditions of the Team Use Agreement; and (vii) for any other use incidental to the foregoing.

Under the Team Use Agreement, the Team generally has first priority in scheduling Home Games. TeamCo acknowledges that the District has the right to use the Arena for District Events as provided in the Arena Agreement. TeamCo also acknowledges and agrees that its rights under the Team Use Agreement are subject to, and therefore shall not be broader than, ArenaCo's rights under the Arena Agreement. TeamCo also agrees, for the express benefit of the District and to the extent applicable, to execute and deliver the Step-In Agreement as described in the Arena Agreement.

Under the Team Use Agreement, TeamCo shall remit to the District any District Ticket Surcharge by the 20th day of the following calendar month.

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APPENDIX F
FORM OF BOND COUNSEL OPINION

_____, 2016

We have acted as bond counsel in connection with the issuance by the Wisconsin Center District (the "*District*") of \$_____ of its Senior Dedicated Tax Revenue Bonds, Series 2016A (the "*Bonds*"). The Bonds are being issued pursuant to Chapter 229, Subchapter II of the Wisconsin Statutes (the "*Act*"), a general resolution adopted by the Board of the District on December 20, 1995, as amended (the "*General Resolution*"), an authorizing resolution adopted by the Board of the District on May 20, 2016 (the "*Authorizing Resolution*") and an Award Certificate per the Authorizing Resolution executed by the Chairperson of the District on _____, 2016 (the "*Award Certificate*" and, together with the General Resolution and the Authorizing Resolution, the "*Resolutions*"). Pursuant to the Resolutions, the Bonds are payable on a parity basis with the District's Senior Dedicated Tax Revenue Bonds, Series 1996A, Senior Dedicated Revenue Refunding Bonds, Series 2003A, and any other Senior Bonds that may be issued from time to time under the General Resolution, solely out of the Trust Estate (as defined in the Resolutions), including the Tax Revenues (as defined in the Resolutions) and certain other funds and monies held under the General Resolution.

The Bonds are issuable as fully registered bonds in the denominations, bear interest at the rates and mature on the dates and in the amounts provided in the Resolutions. The Bonds are subject to redemption prior to maturity at the times, in the manner and upon the terms set forth in the Bonds and the Resolutions.

We have examined (a) a copy of Bond numbered R-1, (b) the Resolutions and (c) an Arbitrage Agreement and Certificate and a Project Agreement and Certificate each dated the date hereof (collectively, the "*Tax Exemption Agreement*") of the District.

As to questions of fact material to our opinion, we have also examined and relied upon representations and certifications of officials of the District and others delivered in connection with the issuance of the Bonds (including without limitation, certifications as to the use of proceeds of the Bonds and the operation and use of the property financed therewith) without undertaking to verify the same by independent investigation. We have also relied upon a legal opinion dated the date hereof of Michael, Best and Friedrich LLP, counsel to the District, with respect to various matters concerning the District, including (a) its existence as a public body corporate and politic under the laws of the State of Wisconsin and as a "local exposition district" under the Act, with the taxing powers described in Section 66.0615 and subchapters VIII and IX of Chapter 77 of the Wisconsin Statutes and (b) the due adoption by the District of the Authorizing Resolution in accordance with the Act. We have also examined such other documents we deemed relevant and necessary in rendering this opinion.

Based upon the examination described above, it is our opinion under existing law that:

1. The District is a public body corporate and politic created and existing under the laws of the State of Wisconsin and has authority under the Act to issue the Bonds and to enter into and perform its obligations under the Resolutions and the Tax Exemption Agreement.

2. The Bonds are in the form required by law and have been authorized, executed, issued and delivered by the District in accordance with the Act and the Resolutions. The Bonds are valid and binding special, limited obligations of the District and are entitled to the protection given by the Resolutions except that enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent transfer or other laws affecting creditors' rights generally. Enforceability of the District's obligations is also subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law). The principal of, premium, if any, and interest on the Bonds, and the other parity bonds issued under the General Resolution, are payable solely out of the Trust Estate, including the Tax Revenues, and certain other funds and monies held under the General Resolution.

4. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code, on corporations (as that term is defined for federal income tax purposes) and individuals. The interest on the Bonds is, however, included in adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from the gross income of the owners of the Bonds for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The District has agreed to comply with all of those requirements, and the opinion set forth in the first sentence of this paragraph is subject to the condition that the District comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds is exempt from all State of Wisconsin income taxes imposed on individuals and fiduciaries.

6. As required by Section 5.3(a)(6) of the General Resolution, the principal amount of the Bonds being issued under the General Resolution will not cause the principal amount of all outstanding Bonds under the General Resolution immediately following the issuance of the Bonds to exceed any aggregate principal amount limitation imposed by the laws of the State of Wisconsin.

This opinion letter deals only with the specific legal issues that it explicitly addresses, and no opinions may be inferred or implied beyond the matters expressly contained herein. The opinions expressed herein are specifically limited to the laws of the United States and the present internal laws of the State of Wisconsin. The opinions expressed herein are based upon those facts and circumstances in existence and laws in effect on the date hereof, and we assume no obligation or responsibility to update or supplement this opinion letter to reflect any facts or circumstances which may hereafter come to our attention or any changes in laws which may hereafter occur, or to inform any addressee of any change in circumstances occurring after the date hereof which would alter the opinions rendered herein.

QUARLES & BRADY LLP

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of _____, 2016 (this "**Disclosure Agreement**"), is executed and delivered by the Wisconsin Center District (the "**District**"), a municipal securities issuer and a governmental entity located in the State of Wisconsin and U.S. Bank National Association, as dissemination agent (the "**Dissemination Agent**"). The District and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions.

Capitalized terms used in this Disclosure Agreement and not otherwise defined herein shall have the meanings set forth in the Resolution as defined below. The following capitalized terms have the following meanings:

"**Annual Financial Information**" means the District's financial information or operating data, for the preceding fiscal year, of the type included in the Official Statement as further described in Section 3(a) hereof.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Dissemination Agent**" means any agent responsible for assisting the District in carrying out its obligations under this Disclosure Agreement which has been designated as a dissemination agent in writing by the District and has filed with the District a written acceptance of such designation, and the successors and assigns of such dissemination agent. Pursuant to Section 9 hereof, U.S. Bank National Association shall be designated as the Dissemination Agent for purposes of this Disclosure Agreement.

"**District**" means the municipal securities issuer named above.

"**EMMA**" means the Electronic Municipal Market Access system for municipal securities disclosures, a Commission-approved electronic database established and operated by the MSRB to accommodate the collection and availability of required filings of secondary market disclosures under the Rule.

"**Event Notice**" means a notice of occurrence of a Listed Event provided under Section 4(b) hereof or a notice provided under Sections 3(c), 4(c), or 8 hereof, each of which shall be transmitted as described in Section 5 hereof.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time.

"**General Resolution**" means the general resolution adopted by the Board of Directors of the District on December 20, 1995, as previously amended.

"**Listed Event**" means any of the events listed in Section 4(a) of this Disclosure Agreement.

"**MSRB**" means the Municipal Securities Rulemaking Board, which serves as the sole repository for all required filings of all secondary market disclosures under the Rule.

"**Official Statement**" means the Official Statement prepared and delivered in connection with the primary offering and sale of the Bonds.

"**Owners**" means the beneficial owners from time to time of the Bonds.

"**Participating Underwriter**" means Morgan Stanley & Co. LLC, or any broker, dealer, or municipal securities dealer that is required to comply with the Rule when acting as an underwriter in a primary offering of the Bonds.

"**Resolution**" means collectively, the General Resolution adopted by the Board of the District on December 20, 1995 (the "**General Resolution**"), the Authorizing Resolution adopted by the Board of the District on May 20, 2016, and the Award Certificate executed by the Chairperson of the District on _____, 2016, pursuant to which the Bonds are issued.

"**Rule**" means Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act.

"**Series 2016 Bonds**" means the District's \$ _____ Senior Dedicated Tax Revenue Bonds, Series 2016A.

Section 2. Purpose of this Disclosure Agreement.

The purpose of this Disclosure Agreement is to assist the Participating Underwriter in complying with the Rule when acting as an underwriter in a primary offering of the Series 2016 Bonds.

Section 3. Annual Financial Information.

(a) The Annual Financial Information will consist of

1. the District's audited annual financial statements prepared using generally accepted accounting principles, and
2. the following operating data for the preceding fiscal year:
 - i. information regarding the amount, by category, of each of the four taxes received by the District (i.e., the local food and beverage tax, the local rental car tax, the basic room tax, and the additional room tax); and
 - ii. the debt service requirements for all outstanding Bonds issued under the General Resolution.

(b) The Dissemination Agent shall, not later than six months following the close of the District's fiscal year, submit the Annual Financial Information to the MSRB. If the District's audited annual financial statements are not available on the date the Annual Financial Information is submitted, then the Dissemination Agent shall submit the audited annual financial statements to the MSRB within ten business days after they are publicly available.

- (c) If the Dissemination Agent fails to submit its Annual Financial Information to the MSRB by the date or dates required in subsection (a) above, then the Dissemination Agent shall promptly send an Event Notice of such failure to the MSRB.

Section 4. Reporting of Listed Events; Event Notices.

- (a) This Section 4 shall govern the submission of an Event Notice after the occurrence of any of the following Listed Events with respect to the Series 2016 Bonds:
 - 1. Principal and interest payment delinquencies.
 - 2. Non-payment related defaults, if material under the Exchange Act.
 - 3. Unscheduled draws on debt service reserves reflecting financial difficulties.
 - 4. Unscheduled draws on credit enhancements reflecting financial difficulties.
 - 5. Substitution of credit or liquidity providers, or their failure to perform.
 - 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Series 2016 Bonds.
 - 7. Modifications to rights of Owners, if material under the Exchange Act.
 - 8. Redemptions of the Series 2016 Bonds, if material under the Exchange Act, and tender offers.
 - 9. Defeasances.
 - 10. Release, substitution, or sale of property securing repayment of the Series 2016 Bonds, if material under the Exchange Act.
 - 11. Rating changes.
 - 12. Bankruptcy, insolvency, receivership, or similar event of the District (for the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order

confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all the assets or business of the District).

13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material under the Exchange Act.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material under the Exchange Act.
- (b) The Dissemination Agent shall submit an Event Notice to the MSRB not in excess of ten business days after the occurrence of the particular Listed Event.
- (c) If the District or the Dissemination Agent determines that an Event Notice of an occurrence of a Listed Event was not submitted as required by this section, then the Dissemination Agent shall promptly submit an Event Notice with respect to such occurrence to the MSRB.

Section 5. Transmittal of Annual Financial Information and Event Notices.

Annual Financial Information and Event Notices shall be submitted to the MSRB in an electronic format, and accompanied by identifying information, as prescribed by the MSRB. As of the date of this Disclosure Agreement, the MSRB requires that all submissions of secondary market disclosure be made through EMMA. The Annual Financial Information may be submitted as a single document or as a package comprising separate documents. Any or all of the items constituting the Annual Financial Information may be incorporated by reference from other documents available to the public on the MSRB's Internet Website or filed with the Commission. The Dissemination Agent shall clearly identify each document so incorporated by reference.

Section 6. Duty to Confirm MSRB's Filing Format and Procedure.

Each time the Dissemination Agent submits information to the MSRB on behalf of the District in accordance with this Disclosure Agreement, it shall confirm, in the manner it deems appropriate, the MSRB's prescriptions concerning the electronic format and accompanying identifying information for submissions. As of the date of this Disclosure Agreement, information on the MSRB's required electronic format and submission procedures through EMMA can be found on the MSRB's Internet Web site at www.emma.msrb.org.

Section 7. Termination of Disclosure Agreement and Reporting Obligation.

This Disclosure Agreement and the District's disclosure obligations under this Disclosure Agreement with respect to the Series 2016 Bonds shall terminate upon the legal defeasance, prior redemption, or payment in full of all the Series 2016 Bonds or if the Rule shall be revoked or rescinded by the Commission or declared invalid by a final decision of a court of competent jurisdiction.

Section 8. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if the following conditions are met:

- (a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District or an obligated person, or the type of business conducted;
- (b) This Disclosure Agreement, as amended or waived, would have complied with the requirements of the Rule on the date of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not materially impair the interests of Owners, as determined either by parties unaffiliated with the District or obligated person (such as the bond trustee or bond counsel), or by approving vote of the Owners pursuant to the terms of the Resolution on the date of the amendment.

In the event this Disclosure Agreement is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the District agrees the next Annual Financial Information the Dissemination Agent submits after such event shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the District agrees that it will cause the Dissemination Agent to give an Event Notice and that the next Annual Financial Information the Dissemination Agent submits after such event will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Dissemination Agent; District's Duty to Provide Information to Dissemination Agent.

The District hereby appoints U.S. Bank National Association to act as Dissemination Agent for the dissemination of the Annual Financial Information and the Event Notices. The Dissemination Agent hereby accepts such appointment. The Dissemination Agent may, from time to time, with the written consent of the District, appoint or engage an additional Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such additional Dissemination Agent, with or without appointing a successor additional Dissemination Agent.

To enable the Dissemination Agent to carry out its duties under this Disclosure Agreement, the District hereby agrees that it will timely provide the Annual Financial Information to the Dissemination Agent and will immediately notify the Dissemination Agent in writing upon its knowledge of the occurrence of any Listed Event.

Section 10. Additional Information.

The District or the Dissemination Agent may from time to time choose to disseminate other information, using the means of transmittal set forth in Section 5 hereof or any other means of communication, or to include other information with the Annual Financial Information or an Event Notice, in addition to that which is required by this Disclosure Agreement. If the District or the Dissemination Agent chooses to include any information with the Annual Financial Information or an Event Notice in addition to that which is specifically required by this Disclosure Agreement, then neither the District nor the Dissemination Agent shall have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information or Event Notice.

Section 11. Default.

A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy of the Owners under this Disclosure Agreement in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries.

The District and the Dissemination Agent intend to be contractually bound by this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter, and the Owners, and shall create no rights in any other person or entity.

Section 13. Recordkeeping.

The Dissemination Agent shall maintain records of all Annual Financial Information and Event Notices submitted to the MSRB pursuant to this Disclosure Agreement, including the content and the date of filing of such submissions, until the last Bond has been retired.

Section 14. Notices.

The Dissemination Agent shall be responsible for submitting Annual Financial Information and Event Notices to the MSRB, to the extent required hereunder, and any inquiries regarding this Disclosure Agreement should be directed as follows:

If to the District at:

Wisconsin Center District
400 West Wisconsin Avenue
Milwaukee, Wisconsin 53202

Attention: _____
Telephone: (414) 908-6000
Fax: (414) _____
Email: _____

If to the Dissemination Agent at:

U.S. Bank National Association
1555 North RiverCenter Drive, Suite 203
Corporate Trust Services, Mail Code: MK-WI-S203
Milwaukee, Wisconsin 53212

Attention: _____
Telephone: (414) 905-5635
Fax: (414) 905-5049
Email: _____@usbank.com

The District and the Dissemination Agent may designate any further or different addresses to which inquiries may be directed.

Section 15. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the District and the Dissemination Agent have caused this Disclosure Agreement to be executed by their duly authorized officers or representatives as of the date written above.

WISCONSIN CENTER DISTRICT

By: _____

Title:

U.S. BANK NATIONAL ASSOCIATION, as
dissemination agent

By: _____

Title:

APPENDIX H

TABLE OF ACCRETED VALUES

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APPENDIX I

SPECIMEN BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

