



WISCONSIN CENTER DISTRICT

2009 ANNUAL REPORT



OUR MISSION

To maintain, and continuously build, our professional reputation in the convention, entertainment and sporting events industries on all levels, both locally and nationally; to present first class facilities in the 21st century; to provide the most effective use of space for our clients by utilizing the collective talents of all Wisconsin Center District employees; and to create and sustain jobs, income and prosperity in the Greater Milwaukee community.

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Wisconsin Center District President & CEO

The Midwest Airlines Center was renamed Frontier Airlines Center while this annual report was in production. As this report documents 2009 finances and activity, the decision was made to retain the "Midwest Airlines Center" name throughout, except where noted.



A LETTER FROM OUR CHAIRMAN & PRESIDENT



Dear Reader,

There is no sugarcoating it; 2009 was a very challenging year for the Wisconsin Center District. Because business travel and convention activity were down significantly here and across the country, our tax revenues, primarily from city-wide and county-wide hotel taxes paid by visitors, were down nearly 20 percent, approximately \$3.5 million, drastically reducing our capital budget.

As a result, we had to cut back substantially on capital improvement projects while doing our best to properly maintain our facilities. We also had to temporarily increase our food and beverage taxes by .25% and modify our payments to Visit Milwaukee. We are confident that with an uptick in tax revenues over the next couple of years, we will be quickly back on track and able to continue making the capital improvements necessary to stay competitive in the convention and entertainment industry.

Due to the economy, both our clients and WCD had to make some changes to our entertainment offerings, adjusting ticket prices to be more family- and budget-friendly while maintaining high standards, including first-rate touring Broadway productions. Notably, Disney on Ice and the Tripoli Shrine Circus had especially big years in 2009. On another positive note, we were thrilled to welcome the Brewers On Deck pre-season fan event to the Midwest Airlines Center in '09, and look forward to helping this event grow in the coming years.

We are grateful to so many people for their support through a very challenging year. First and foremost, we would like to thank our incredible staff, which continues to exhibit loyalty to our ultimate mission – providing a catalyst for the hospitality business in Milwaukee. In addition to their usual hard work and dedicated service, they also sacrificed, consenting to wage freezes and furlough days to help us get through these trying times.

We are very thankful for all of our 2009 clients, and especially our many annual clients such as Northwestern Mutual, the National Electrical Wire Processing Technology Expo, the Home Builders Expo and the Greater Milwaukee Auto Show, to name a few. Returning clients are a critical part of our success, especially in this economic climate, and we're happy to report they are seeing many successes in 2010 and feel especially good about 2011.

We also want to thank our sports team tenants – the Milwaukee Wave indoor soccer team and UWM Panthers men's basketball team. Both our clients and sports team tenants provide a great value to WCD and the city. Their business provides local employment opportunities, and helps keep our facilities in great shape.

Finally, the WCD Board and staff would like to extend a huge thank you to the community for your continued support of all of our events. We hope to continue to impress our clients, our tenants and our patrons with extraordinary customer service and exceptional facilities.

Sincerely,

Franklin M. Gimbel
Chairman
Wisconsin Center District

Richard A. Geyer
President/CEO
Wisconsin Center District



MIDWEST AIRLINES CENTER



A CHALLENGING YEAR

WCD continues to work hard to ensure that Milwaukee is a desirable convention destination.

Though 2009 was a challenging year in terms of convention business, the Midwest Airlines Center still played host to a variety of national conventions, annual and returning conventions and conferences, consumer shows and charitable banquet and ball clients over the year. Local and national clients included the American Agricultural Economics Association, the American Needlepoint Guild, the American Orff-Schulwerk Association, the Association of Avian Veterinarians, the Greenleaf Center for Servant Leadership, the International Downtown Association, the National Association of College and University Food Services, and the national Onsite Wastewater Recycling Association. WCD also welcomed back Northwestern Mutual, the National Electrical Wire Processing Technology Expo, the Home Builders Expo and the Greater Milwaukee Auto Show, all of which have been clients for many years.

The Midwest Airlines Center hosted the Milwaukee Brewers' "Brewers on Deck" pre-season fan expo for the first time in 2009; the event returned in 2010, and we are looking forward to a long and mutually fruitful relationship with the Brewers.



WCD is currently studying future expansion options for the Midwest Airlines Center, along with additional parking and downtown hotel room offerings. It is important to explore what WCD needs to offer potential clients to remain competitive in the convention industry. At this time the cost of expansion and how it might be financed was not explored, but the study has generated some new ideas to share with community business leaders and local government and will open up discussions for the future of our facilities. It is a difficult time to get support for any project that may have tax implications, but these improvements are crucial if WCD and Milwaukee want to keep pace with other similarly sized U.S. cities with newer or larger facilities.

Looking three to four years out, WCD is working closely with the convention bureau as convention business is even more competitive in the struggling economy. WCD has a challenge getting people to bring their events to Milwaukee as there are many other cities that, on the surface, seem to have more to offer. WCD continues to work hard to change people's perceptions and show that Milwaukee is a desirable convention destination.

A final note – this is the final annual report that will mention the Midwest Airlines Center as the facility acquired a new name in 2010. Midwest's new parent company, Republic Airways Holdings Inc., is phasing out the Midwest name and integrating it with another one of its holdings, Frontier Airlines.



U.S. CELLULAR ARENA & WISCONSIN ATHLETIC WALK OF FAME



A REASONABLE YEAR

Disney on Ice and the Tripoli Shrine Circus were very successful 2009 events at the Arena.

Overall, 2009 was a reasonable year at the U.S. Cellular Arena as the facility still turned a profit. The biggest event of 2009 was *Disney on Ice Celebrates 100 Years of Magic*. The Tripoli Shrine Circus was another huge success with its "two tickets for the price of one" special, resulting in an all-time high in ticket sales. Both events return to the Arena in 2010.

The Great Circus Parade returned to Milwaukee on Sunday, July 12, 2009. Community members and visitors to the city were able to purchase tickets for a cushioned bleacher seat, a great view, food and drink vouchers and access to the air-conditioned interior of the U.S. Cellular Arena, with restrooms, concessions and giant-screen video coverage of the parade.

Other 2009 events included the FIRST Robotics 2009 Wisconsin Regional Competition, Spring Jam 2009 with Gucci Mane, Trey Songz, Colby O'Donis and special guest Bow Wow, and Brew City Brawl – a boxing event.

The Milwaukee Wave and UWM Panthers Men's basketball both had successful seasons at the Arena in 2009, and we look forward to hosting more games for both teams in 2010. Both teams are valuable sports tenants for WCD and valuable assets to the city.



The 2009 Walk of Fame induction ceremony took place in November at The Milwaukee Theatre. New inductees included Bob Harlan, the former president and CEO of the Green Bay Packers, Judith Sweet, the first female president of the NCAA, Albert "Ab" Nicholas, UW All-American basketball player and sports philanthropist, Lee Kemp, one of the most accomplished American wrestlers of all time, John Powless, the current top-ranked senior tennis player in the world, and Barry Alvarez, coach of back-to-back UW Rose Bowl Championships. Congratulations to all inductees.

2009 GRADUATION CEREMONIES

WCD facilities hosted graduation ceremonies for the following institutions in 2009:

- Bay View High School
- Bradley Tech High School
- Bryant & Stratton College
- Divine Savior Holy Angels High School
- Hamilton High School
- Marquette University
- Medical College of Wisconsin
- Milwaukee Area Technical College
- Milwaukee High School of the Arts
- Pius XI High School
- Riverside University High School
- Rufus King High School for the College Bound
- University of Phoenix
- University of Wisconsin – Milwaukee





THE MILWAUKEE THEATRE

A WELCOME ESCAPE

WCD is always looking for ways to add value to the theater experience

The Milwaukee Theatre offered a welcome escape from reality with a variety of great entertainment in 2009. Family friendly entertainment has been especially successful at The Theatre, as the biggest events of the year were *Dora the Explorer Live: Search for the City of Lost Toys*, *The Wiggles Go Bananas Live!*, and *Playhouse Disney Live*. Other popular theatrical events included *Jesus Christ Superstar*, *Hairspray*, *Oliver!*, *The Pajama Game*, *Ain't Misbehavin'* starring Ruben Studdard and Frenchie Davis, *The Wizard of Oz*, *Say Goodnight Gracie*, *Tyler Perry's Laugh to Keep From Crying* and *Annie*.

WCD also hosted some great musical events at The Milwaukee Theatre, including *Celtic Woman: Isle of Hope*, *Rain – A Tribute to The Beatles*, *Drumline Live*, *ABBA Mania*, *STOMP*, James Taylor & His Band, Kelly Clarkson, Jamie Foxx, R. Kelly, Daniel O' Donnell, and Andre Rieu and the Johann Strauss Orchestra. Live comedy has been another draw at The Milwaukee Theatre. Popular 2009 events included Steve Harvey and the Black Collar Comedy Tour featuring Sommore, J. Anthony Brown, Damon Williams and Pierre.

2009 marked the 100th anniversary of the dedication and opening of the Milwaukee Auditorium, and a modest event at The Milwaukee Theatre celebrated the occasion on September 21st. The centennial was also recognized at the Milwaukee County Historical Society's annual event honoring corporations and community organizations that have contributed to the quality of life in Milwaukee County for many years.



In our continual efforts to market our entertainment, enhance our patrons' experience and support the community, we experimented in 2009 with a program called the Campus Alliance in Support of the Theatre (CAST), through which student organizations can raise funds by selling tickets to our presentations. Student groups from Marquette University, the Milwaukee Area Technical College, Alverno College and Milwaukee High School of the Arts embraced the CAST program, telling us it helped them raise awareness of their own presentations and activities as well as generate revenue. We will definitely continue and expand the CAST program in future years.

WCD also partnered with several downtown hotels and restaurants to cross-promote and provide added value to our mutual patrons. We want to thank the Calderone Club, Capital Grille, Hyatt Regency-Milwaukee and Molly Cool's for their support, and look forward to working with them again, as well as other businesses throughout the area.





LOOKING TO THE FUTURE



BETTER YEARS AHEAD

World-class attractions and WCD's warm brand of hospitality make Milwaukee the ideal destination for conventions and exceptional entertainment.

The past few years have been challenging, but 2010 will be significantly better for WCD. All three facilities will be busy with more events, resulting in more accessory income, like that from food and beverage services.

Prospects for improving the bottom line for events at The Milwaukee Theatre are good as the economy improves and patrons become more willing to spend on entertainment. In addition, 2010 convention bookings at the Midwest Airlines Center are looking much better. WCD secured national programs, including the American Legion 2010 National Convention August 27th through September 2nd, which will bring approximately 12,000 guests to downtown Milwaukee. WCD also signed a very big event for 2013 this year – the International Moose Convention, which is expected to bring more than 7,000 delegates to the city, take up as many as 18,000 room nights and pump approximately \$9 million into the local economy.

2010 marks another anniversary year for WCD, as it is the 60th anniversary of the opening of the former Milwaukee Arena, which underwent a major renovation and was renamed the U.S. Cellular Arena in 2000.



Visit Milwaukee recently acquired a new CEO, which will bring new energy and enthusiasm for bringing business to Milwaukee. The city is well-situated in terms of public assets, with talented art, music and theater groups, a wide variety of cultural and music festivals, wonderful museums, and a beautiful lakefront. Milwaukee is also growing its reputation as a fresh water center in a time when fresh water is becoming increasingly relevant in the world. In the not-too-distant future, WCD is confident that organizations with that interest will be planning events in Milwaukee.

In the meantime, WCD will continue to uphold its stellar reputation in the convention industry and in the community with its beautiful and well-maintained facilities and top-notch customer service. The powerful combination of the city's world-class attractions and WCD's warm brand of hospitality continues to make Milwaukee the ideal destination for conventions, concerts, theatrical productions, sporting events and other exceptional entertainment.



STATEMENT OF NET ASSETS

DECEMBER 31, 2009 AND 2008

ASSETS	2009	2008
Current Assets:		
Cash and cash equivalents	\$ 2,400,742	\$ 2,951,363
Accounts receivable, less allowance for doubtful accounts of \$106,857 in 2009 and \$81,643 in 2008	763,500	1,055,607
Tax revenues receivable	2,407,078	2,519,899
Loans receivable, current portion	45,133	42,511
Prepaid expenses and other current assets	56,549	187,971
Total current assets	5,673,002	6,757,351
Noncurrent Assets:		
Restricted cash and cash equivalents	21,211,916	24,064,971
Restricted interest receivable	378,068	39,852
Loans receivable, less current portion	526,915	572,048
Financing costs, net of accumulated amortization of \$1,425,695 in 2009 and \$1,316,865 in 2008	1,945,700	2,054,531
Capital assets		
Non-depreciable	22,958,953	22,958,953
Depreciable, net	152,807,694	159,312,450
Total noncurrent assets	199,829,246	209,002,805
Total assets	205,502,248	215,760,156
LIABILITIES		
Current Liabilities:		
Current installments of bonds payable	6,735,000	6,155,000
Accounts payable	954,913	1,157,848
Accrued expenses	335,350	477,024
Accrued interest expense	279,188	289,220
Concession improvement deposits	1,105,000	1,235,000
Deferred revenue	1,732,619	1,842,392
Obligation under capital lease, current portion	157,238	126,211
Total current liabilities	11,299,308	11,282,695
Obligation under capital lease, less current portion	1,043,283	835,640
Bonds payable, net, less current portion	237,615,697	238,726,422
Total long-term liabilities	238,658,980	239,562,062
Total liabilities	249,958,288	250,844,757
NET ASSETS		
Invested in capital assets, net of related debt	(390,888)	1,459,973
Restricted for debt service	2,625,243	3,592,518
Unrestricted (deficit)	(46,690,395)	(40,137,092)
Total net assets (deficit)	\$ (44,456,040)	\$ (35,084,601)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2009 AND 2008

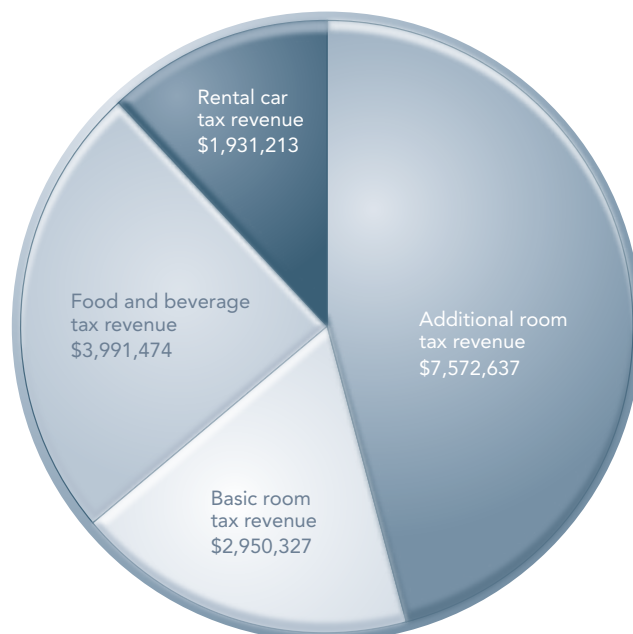
	2009	2008
Operating Revenue:		
Space rentals	\$ 3,073,815	\$ 3,319,999
Equipment rentals	805,524	959,691
Commission on concession sales	2,148,564	2,485,749
Labor service revenue	1,398,790	878,684
Advertising revenue	1,318,657	1,266,757
Information technology revenue	461,676	564,385
Box office revenue	528,046	799,113
Parking revenue	511,447	630,342
Other	552,558	569,500
Total operating revenue	10,799,077	11,474,220
Operating Expenses:		
Allocated Expenses		
Wages	3,075,252	3,201,372
Utilities	1,730,506	1,792,037
Building maintenance and repairs	931,856	1,096,731
Ticket expenses	81,025	86,370
Other	1,598,692	1,000,890
Total allocated operating expenses	7,417,331	7,177,400
Unallocated Expenses		
Administrative salaries and wages	1,805,322	1,753,387
Employee benefits	2,006,268	1,756,927
Advertising and promotion	4,272,755	4,785,520
Legal services	18,621	14,519
Insurance	522,163	512,054
Professional services	142,325	52,548
Depreciation	7,386,186	7,356,675
Other	314,455	349,247
Total unallocated operating expenses	16,468,095	16,580,877
Total operating expenses	23,885,426	23,758,277
Operating loss	\$ (13,086,349)	(12,284,057)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

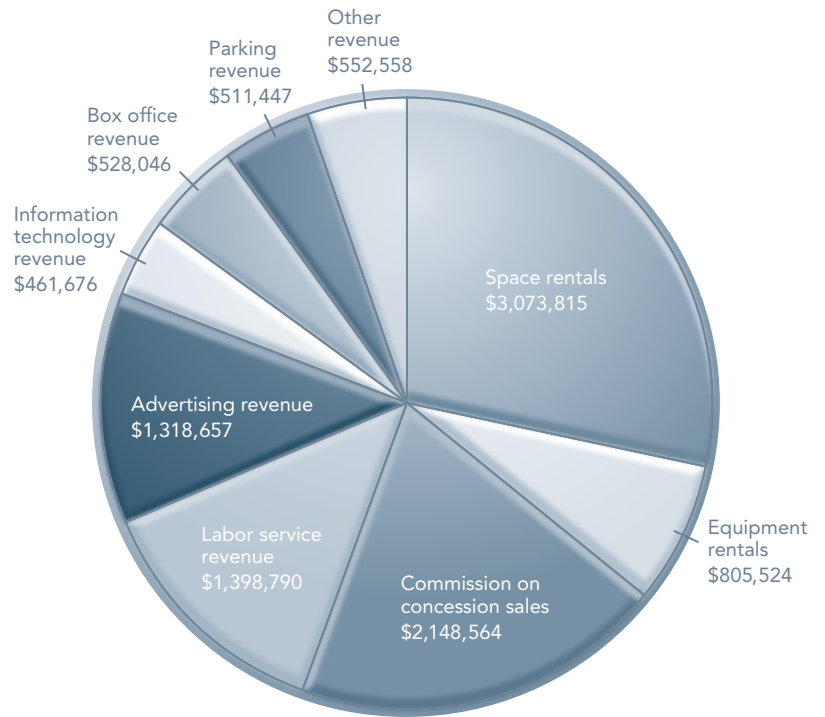
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Nonoperating Income (Expense):		
Tax Revenue		
Additional room tax revenue	\$ 7,572,637	\$ 9,285,558
Basic room tax revenue	2,950,327	3,608,095
Food and beverage tax revenue	3,991,474	4,049,855
Rental car tax revenue	1,931,213	2,181,316
	<u>16,445,651</u>	<u>19,124,824</u>
State of Wisconsin administrative fees	(419,363)	(487,684)
Net tax revenue	<u>16,026,288</u>	<u>18,637,140</u>
Interest income	1,012,973	1,242,517
Bond amortization and interest expense	(13,324,351)	(13,310,276)
Donation revenue – transit study	–	723
Federal grant revenue – transit study	820,898	243,506
Expenditures – transit study	(820,898)	(244,229)
Total nonoperating income (expense)	<u>3,714,910</u>	<u>6,569,381</u>
Change in net assets	<u>(9,371,439)</u>	<u>(5,714,676)</u>
Net assets (deficit), beginning of year	<u>(35,084,601)</u>	<u>(29,369,925)</u>
Net assets (deficit), end of year	<u>\$ (44,456,040)</u>	<u>\$ (35,084,601)</u>

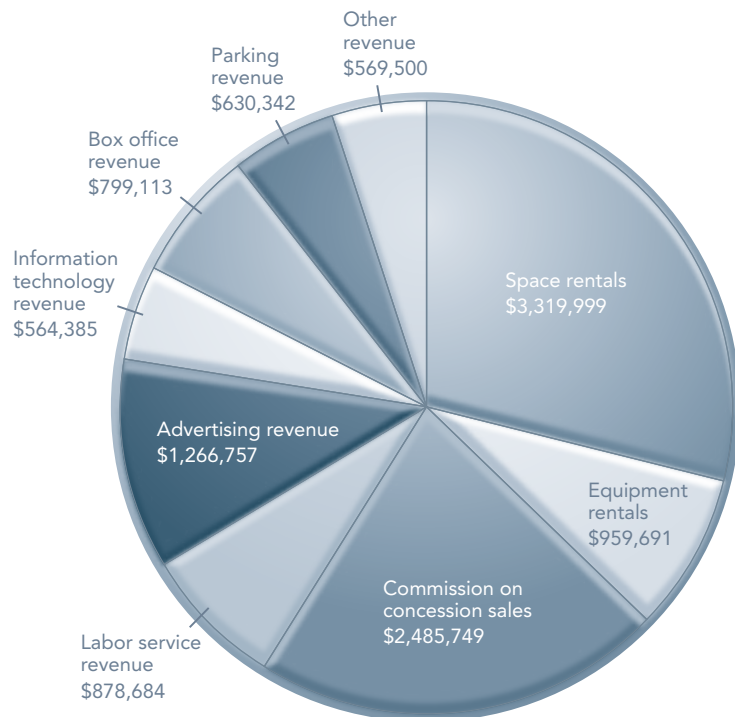
2009 Tax Revenues



2009 Operating Revenues



2008 Operating Revenues



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