

WISCONSIN CENTER DISTRICT ANNUAL REPORT 2004



A LETTER FROM OUR CHAIRMAN AND PRESIDENT

Dear Reader,

The excitement continued at the Wisconsin Center District in 2004! After its opening in November 2003, the people of Milwaukee and southeastern Wisconsin have clearly embraced The Milwaukee Theatre and the new entertainment options it provides. All of our hard work and determination in the development process has really paid off, and we will continue to provide patrons of The Milwaukee Theatre with the finest entertainment and the highest level of customer service.

2005 is also going to be a really good year for the Midwest Airlines Center and the U.S. Cellular Arena. The Midwest Airlines Center's numerous high-profile conventions for the year are already bringing many visitors downtown to patronize area restaurants and hotels.

The U.S. Cellular Arena will have another busy year with its prime tenants, the UWM Panthers men's basketball team and the Milwaukee Wave. In their second seasons at the Arena, both teams have generated fan excitement and helped the Arena reclaim its reputation as an exciting sports venue, making it home to the only season champions among Milwaukee's major sports teams! Thanks in part to the Wave and Panthers, we again enjoy a higher profile in the greater Milwaukee community and in our industry.

The positive turnaround of the past year could not have happened without the hard work and support of many people. We would like to extend our gratitude to the Department of Public Safety, area police, fire and emergency management departments, and the Secret Service for their continued professionalism, which helped us earn grants and recognition from the Department of Homeland Security.

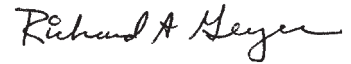
We would also like to thank Representative Steve Foti and former Aldermen Tom Nardelli, Fred Gordon and Marvin Pratt for their many years of devoted service on our board, and extend a warm welcome to our new directors, Representative Dean Kaufert and Aldermen Willie Hines, Michael D'Amato and Michael Murphy. We're grateful that these individuals take pride in serving their community, and we're honored to have the opportunity to work with them.

And finally, we would like to thank our sponsors, clients and annual users of the facilities – we're thrilled to work with you year after year. With your help, we're able to offer a wide variety of entertainment options to the people of Milwaukee, and we're able to bring visitors into the city to keep our beautiful downtown growing and prospering.

Sincerely,



Franklyn M. Gimbel
Chairman
Wisconsin Center District



Richard A. Geyer
President/CEO
Wisconsin Center District



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.



MIDWEST AIRLINES CENTER

2004 was a fragile year at the Midwest Airlines Center, as it was another slow year for convention business. Fortunately, the presidential election generated many short-term bookings, which helped fill in the schedule and bring many visitors into Milwaukee's downtown.

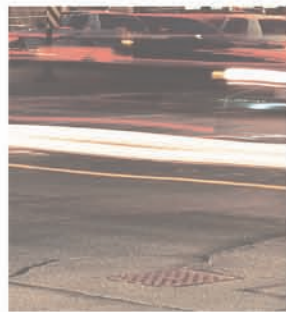
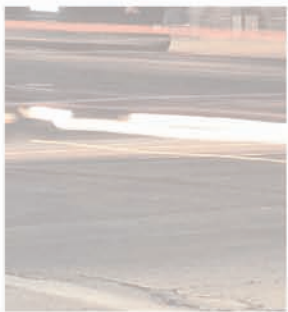
The various political debates, rallies, fundraisers and speaking events of the past year brought thousands of dollars into the local economy in terms of room rentals, food and beverage expenses, entertainment, labor and equipment costs, and sales tax revenues. In addition, the events gave the city and WCD facilities national recognition.

The Midwest Airlines Center is proud to host several large and prestigious conventions this summer and in the coming year, including the NAACP 96th Annual Convention, the United States Hispanic Chamber of Commerce 2005 Annual National Convention and International Expo, and the National Rifle Association of America 2006 Annual Meeting and Exhibits. In addition, the Association of College & University Housing Officers, the Gospel Music Workshop of America Annual Convention and International Expo, and the Public Risk Management Association have all made commitments for 2005 and 2006. WCD has seen a continuing increase in interest from a wide variety of influential cultural and ethnic groups and organizations, including the NAACP and the U.S. Hispanic Chamber of Commerce, both of which

are bringing national conventions to Milwaukee in 2005. Some additional organizations WCD has worked with in the past include: the National Council of La Raza, the Coalition of Black Investors and the National Association of Black Journalists. WCD is proud to have worked with these organizations, and hope to work with them again in the near future.

WCD would like to recognize and thank the following annual events and convention bookings for utilizing our services year after year: the National Electric Wire Processing Technology Expo, the Greater Milwaukee Auto Show, the Home Builders Expo, the Bead & Button Show, the Taste of Home's Cooking Expo, and the Northwestern Mutual 126th Annual Meeting of the Association of Agents. WCD greatly appreciates their patronage and strives to provide them with the highest quality of service every year.

Our reputation continues to flourish in the convention industry. WCD is fortunate to have many returning clients, and will continue to provide the highest level of service to keep their business and attract new business as well. National and regional bookings are increasing as the convention industry is gaining steam. And thanks to the efforts of WCD staff and Visit Milwaukee, convention bookings look promising for 2005, with an apparent trend for increased bookings well into the future.



U.S. CELLULAR ARENA & WALK OF FAME

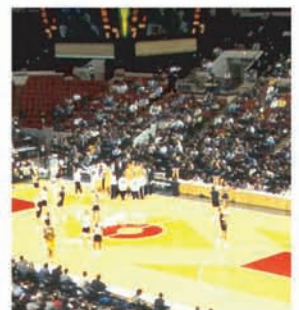
The U.S. Cellular Arena has had a busy year, filled with sporting events, political rallies, graduation ceremonies, concerts, and family entertainment.

The UWM Panthers men's basketball team had a phenomenal season this past year – both in and out of the Arena. After opening the season with six straight wins, the team proceeded to post one of its best regular seasons in school history with two additional extended winning streaks – eight games, and then nine to cap off the season. The Panthers then won their second-straight Horizon League regular season title with an exciting 59-58 win over Detroit in front of a record, sellout crowd of 10,783 in the Arena, advancing them to their second-ever appearance in the NCAA Division I Basketball Tournament. The 12th-seeded Panthers proceeded to defeat 5th-seeded Alabama, then Boston College to proceed to the Sweet 16 before losing a close game with top-ranked Illinois.

The Milwaukee Wave is also having another exciting season in the Arena. The Wave currently holds the best record in the Major Indoor Soccer League (MISL) standings. The MISL recently hosted the first of two 2005 MISL Championship games in the U.S. Cellular Arena, and the Milwaukee Wave prevailed against Cleveland both here and in St. Louis to clinch the fourth league championship in the Wave's 21-year history.

Other exciting events at the Arena this past year included election-eve rallies, a Milwaukee Bucks Season Ticket Holder Party, and several exciting concerts, including Green Day, a sold-out Josh Groban performance, and a sold-out Motley Crue show.

WCD is fortunate to host many annual events at the U.S. Cellular Arena, including a number of graduation ceremonies for area high schools and universities. Disney on Ice has been a returning event since the late '90s, and it continues to grow in popularity each year. The Tripoli Shrine Circus is another event the Arena is proud to host year after year. These annual events, in addition to hosting the home seasons for both the UWM Panthers and the Wave, keep the U.S. Cellular Arena busy all year long.





THE MILWAUKEE THEATRE

The District has successfully completed its first full year of operations at The Milwaukee Theatre. The intimate, 4,087 maximum capacity venue has truly become a “destination theater,” attracting major shows and entertainers, while bringing people into Milwaukee to enjoy the wide variety of entertainment it attracts.

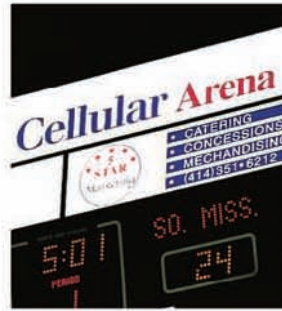
Over the past year, The Theatre has hosted many sell-out concerts, including Josh Groban, Sting, David Bowie, Norah Jones, Keith Urban, The Pixies and Daniel O’Donnell. Other entertainment included two sold-out shows from comedian Jerry Seinfeld and a speaking engagement by controversial filmmaker Michael Moore. The 2004-2005 Broadway Series was also very entertaining, including shows such as *Fosse*, *The King & I*, *Thoroughly Modern Millie* and *Peter Pan*.

Hosting the Radio City Christmas Spectacular Starring The Rockettes in December of 2003 generated a huge amount of recognition for the venue, and The Milwaukee Theatre’s reputation continues to grow as the facility exceeds promoters’, performers’ and audiences’ expectations in every facet. As The Theatre’s reputation grows, so does the variety of entertainment WCD can attract.



A new theater series is in the works for the coming year, to be announced later this spring. The new season’s productions will be unique from the past two seasons, and will offer patrons a fun, fresh experience at The Milwaukee Theatre.

The Milwaukee Theatre website, www.milwaukeeetheatre.com, has undergone design changes to make it more user-friendly for prospective patrons of concerts, theater productions and other events. The redesign of the site is also a model for future changes at www.midwestairlinescenter.com and www.uscellularena.com.



TECHNOLOGY

The Wisconsin Center District continues to stay on the cutting edge of technology in order to provide customers with the highest level of service and remain competitive in attracting new convention business and trade shows to its facilities.

WCD recently upgraded its video production capabilities in the U.S. Cellular Arena with the installation of new Dixon Sports live event editing software. Among other benefits, this upgrade allows instant replays, highlights, video clips and commercials to be shown on the scoreboard video displays. It also provides the opportunity to store, manage and recall clips and highlights for future use.

Another recent technological improvement is the installation of a wireless antenna system by WCD and In-Site Wireless, which delivers clear, uninterrupted wireless communications to every area of The Milwaukee Theatre, Midwest Airlines Center and U.S. Cellular Arena. The new system provides superior cellular phone service in locations where some signal interference had occurred in the past. This improvement will make communication easier for employees, tenants and patrons.



PUBLIC SAFETY

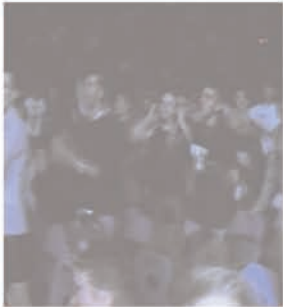
The Wisconsin Center District is proud to keep public safety as one of its highest priorities. One major indicator of our vigilance in maintaining a secure environment is the \$71,500 grant awarded by the Department of Homeland Security.

This money will assist WCD in upgrading security cameras, monitors and other systems with digital equipment in The Milwaukee Theatre, Midwest Airlines Center and U.S. Cellular Arena.

The Department of Homeland Security also conducted a security assessment of WCD facilities and gave the organization high marks for security operations in the buildings, recognizing the high level of cooperation and coordination between the WCD Public Safety Division and local, state and federal law enforcement and security agencies.

WCD Public Safety Director Russ Staerkel says the District plans to move ahead with future grant applications to acquire vehicle barriers, metal detectors, additional cameras and other equipment to maintain the highest level of security in the facilities.





LOOKING TO THE FUTURE

The Wisconsin Center District continuously seeks ways to keep its facilities, along with Milwaukee's downtown hotels and businesses, busy and prosperous. Staying proactive has led the District through several difficult years and is helping secure business well into the future.

Currently, WCD is in discussions with a number of potential partners, producers and show managers to develop new consumer shows and trade expositions. These new events would help acquire future bookings at the Midwest Airlines Center, and would bring more visitors to the downtown area.

WCD is also presently discussing the possibility of a merger with Bradley Center officials to determine if merging operations would be mutually beneficial. The merger could possibly strengthen the facilities' competitive edge with other Milwaukee-area venues, increase the facilities' ability to secure sponsorships, and generate revenue and cost savings as a result of staff restructuring and job cuts. However, according to MMAC president

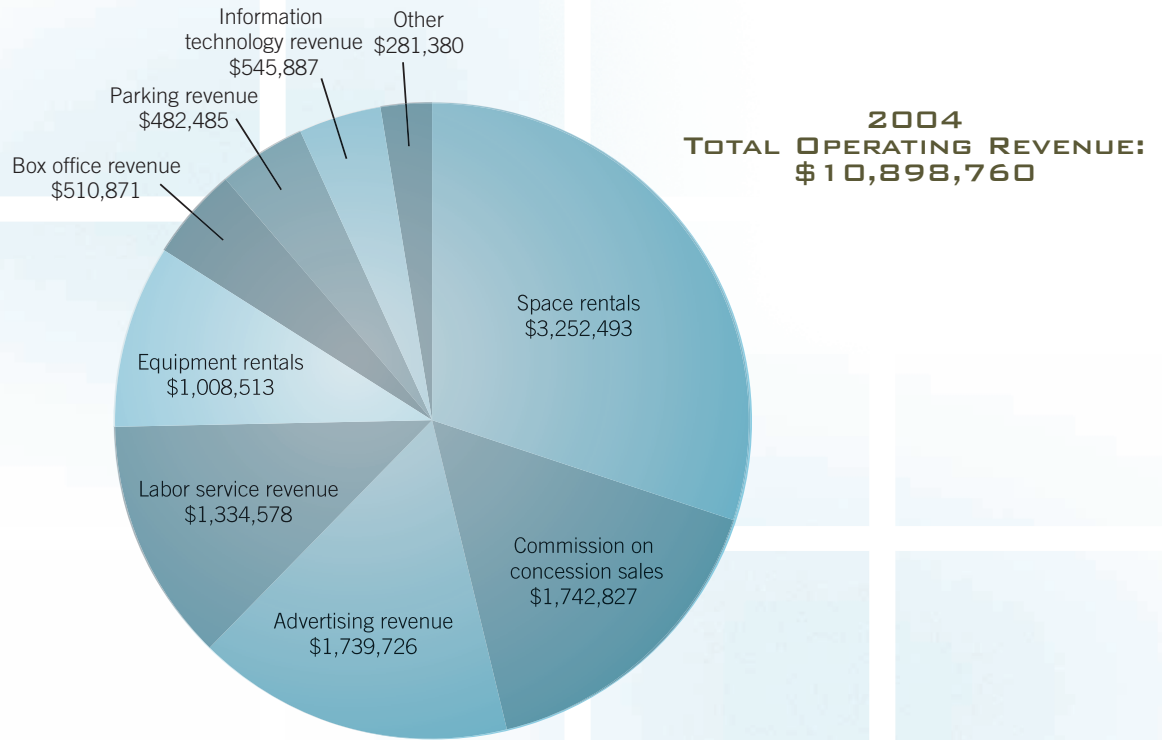
Tim Sheehy, "We have to keep an eye on this in the best interests of Milwaukee... revenues and cost savings may not be the most compelling reason [for a merger between WCD and the Bradley Center]."

In order to increase its appeal as a destination and help ensure future bookings, the District continues to seek out ways to improve its facilities and make them more attractive to potential clients. WCD also cautiously moves toward the Phase III expansion of the Midwest Airlines Center. The expansion would include new meeting rooms, a new ballroom, the expansion of the exhibition hall, and additional parking. WCD is carefully reviewing issues and working closely with government officials and its partners in the hospitality industry to expand the number of hotel rooms and improve facilities to make Milwaukee's downtown area capable of handling larger events and assemblies. In order to proceed, WCD needs more national movement in the convention industry, but we will continue to keep plans for Phase III in the works, so we're prepared to proceed when convention business picks up again.

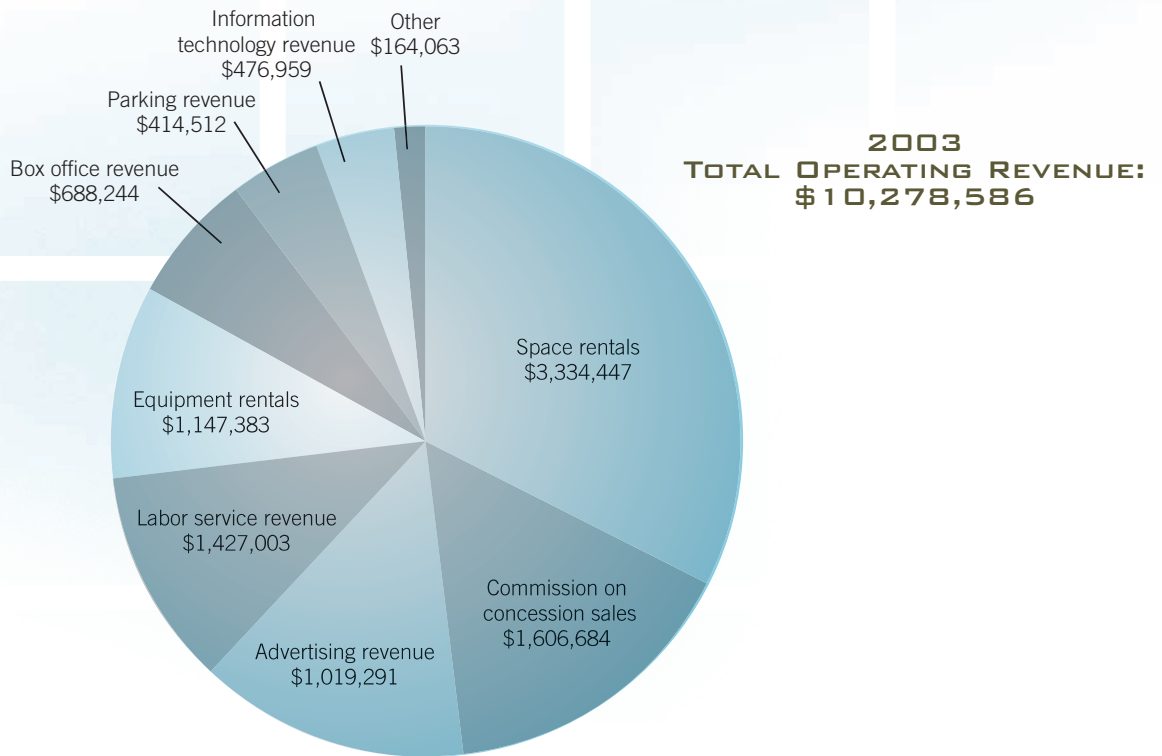
WISCONSIN CENTER DISTRICT
STATEMENTS OF NET ASSETS
DECEMBER 31, 2004 AND 2003

ASSETS		2004	2003
Current Assets:			
Cash and cash equivalents	\$	3,560,970	9,714,690
Accounts receivable, less allowance for doubtful accounts of \$38,000 in 2004 and \$41,000 in 2003		994,111	1,955,695
Tax revenues receivable		2,407,112	2,328,485
Loans receivable, current portion		16,211	15,269
Accrued interest receivable		40,990	43,945
Federal grant receivable		206,570	109,824
Prepaid expenses and other current assets		531,202	167,973
Total Current Assets:		7,757,166	14,335,881
Restricted cash and cash equivalents		22,460,014	24,217,382
Loans receivable, less current portion		165,039	181,250
Financing costs, net of accumulated amortization of \$787,483 in 2004 and \$678,826 in 2003		2,489,851	2,593,413
Capital Assets:			
Nondepreciable		22,958,953	22,958,953
Depreciable, net		185,025,334	190,185,615
Total Capital Assets:		207,984,287	213,144,568
Total Assets:	\$	240,856,357	254,472,494
LIABILITIES			
Current Liabilities:			
Accounts payable	\$	760,031	3,894,715
Accrued expenses		401,552	99,352
Accrued interest expense, current portion		1,848,838	334,713
Concession improvement deposits		1,275,000	1,425,000
Deferred revenue		3,171,428	5,413,421
Obligation under capital lease, current portion		90,000	1,064,504
Current installments of bonds payable		2,514,384	4,348,887
Total Current Liabilities:		10,061,233	16,580,592
Obligation under capital lease, less current portion		1,192,500	—
Accrued interest expense, less current portion		30,861,047	27,566,817
Bonds payable, net, less current portion		206,950,556	209,217,911
Total Long-Term Liabilities:		239,004,103	236,784,728
Total Liabilities:	\$	249,065,336	253,365,320
NET ASSETS			
Invested in capital assets, net of related debt	\$	18,370,323	19,015,698
Restricted for debt service		439,870	2,682,041
Unrestricted		(27,019,172)	(20,590,565)
Total Net Assets:	\$	(8,208,979)	1,107,174

**WISCONSIN CENTER DISTRICT
2004 OPERATING REVENUE TOTALS**



**WISCONSIN CENTER DISTRICT
2003 OPERATING REVENUE TOTALS**



WISCONSIN CENTER DISTRICT
STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
Operating revenue:		
Space rentals	\$ 3,252,493	3,334,447
Equipment rentals	1,008,513	1,147,383
Commission on concession sales	1,742,827	1,606,684
Labor service revenue	1,334,578	1,427,003
Advertising revenue	1,739,726	1,019,291
Information technology revenue	545,887	476,959
Box office revenue	510,871	688,244
Parking revenue	482,485	414,512
Other	281,380	164,063
Total Operating Revenue:	\$ 10,898,760	10,278,586
Operating Expenses:		
Allocated Expenses:		
Wages	\$ 3,336,690	3,499,663
Utilities	1,586,134	1,449,323
Building maintenance and repairs	748,210	729,262
Ticket expenses	131,479	59,990
Other	1,346,350	1,195,074
Total allocated operating expenses	7,148,863	6,933,312
Unallocated Expenses:		
Administrative salaries and wages	\$ 1,652,968	1,611,616
Employee benefits	1,255,024	1,015,608
Advertising and promotion	4,309,552	4,354,681
Legal services	61,714	82,888
Insurance	701,222	485,857
Professional services	100,917	41,125
Depreciation and amortization	7,354,023	6,355,184
Other	573,779	441,987
Total unallocated operating expenses	16,009,199	14,388,946
Total operating expenses	23,158,062	21,322,258
Operating Loss:	\$ (12,259,302)	(11,043,672)
Nonoperating Revenues (expenses):		
Tax Revenue:		
Additional room tax revenue	\$ 7,058,359	7,188,781
Basic room tax revenue	2,718,028	2,713,118
Food & beverage tax revenue	3,484,154	3,173,924
Rental car tax revenue	1,842,475	1,673,079
	15,103,016	14,748,902
State of Wisconsin administrative fee	(385,181)	(376,217)
Net tax revenue	14,717,835	14,372,685
Interest income	1,253,466	1,281,820
Loss on disposal of fixed assets	(13,044)	(751,487)
Interest expense	(13,015,108)	(11,029,655)
Total nonoperating income	2,943,149	3,873,363

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Midwest Airlines
Miller Brewing Company
Milwaukee Journal Sentinel
Ticketmaster
Time Warner Cable
Time Warner Telecom Inc.
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United Visual
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