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Fair park officials pressed to stem red ink

Lawmakers also demand access to documents on financial status

By ANNYSJA JOHNSON
anjohnson@journalsentinel.com

Last Updated: Nov. 7, 2003

West Allis - The State Fair Park must stanch the flow of red ink from the venerable fair park and provide state auditors with the documents they need to gauge the scope of its financial problems, state lawmakers told fair officials Friday.

"This has got to stop," Sen. Alberta Darling (R-River Hills), a member of the Legislature's Joint Audit Committee, told fair officials at a public hearing.

Darling, who also heads the Legislature's Joint Finance Committee, characterized the agency's lack of compliance as "arrogance" or "ineptness." And she and other audit committee members called on the fair park to move quickly to comply.

"You can say anything to make us feel better," audit committee Chairman Rep. Suzanne Jeskewitz (R-Menomonee Falls) told fair park Chief Executive Officer Joe Chernelich and park board Chairman Martin Greenberg. "But the Audit Bureau needs to see the numbers."

The Joint Audit Committee heard public comment Friday on a September report by the Legislative Audit Bureau that blamed State Fair Park's \$4.5 million deficit in 2002-'03 in part on poor business decisions and an aggressive building campaign.

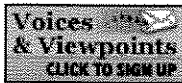
State Auditor Janice Mueller and Audit Director Julie Gordon highlighted the management report Friday but said a final audit would not be completed until next year because park officials failed to

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provide complete and accurate financial documents for fiscal years 2001-'02 or 2002-'03.

In addition to inadequate financial reporting, Mueller raised concerns about the park's widening deficits - from \$125,000 in 2000-'01 to \$4.5 million last year - and its mounting debt.

The State Fair Park Board and the private corporation it created to build the year-old Wisconsin Exposition Center on the grounds have spent \$76.7 million on new construction in recent years, according to the Audit Bureau.

Debt service payments for State Fair Park will total \$3.5 million this year, it said. That does not include \$2 million more that the state will pick up with tax dollars and \$2.5 million to be paid for by the expo center.

"State Fair Park's financial condition is not secure," Mueller told the committee.

State Fair Park had mounted the massive building campaign in an effort to turn the 200-acre fairgrounds into a year-round entertainment venue. But to date, only the annual 11-day Wisconsin State Fair and the recreational vehicle park have proved profitable.

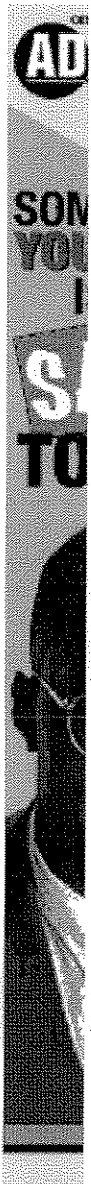
Park officials have blamed its financial problems on poor performance by its three main "linkages" - the privately run Pettit National Ice Center, the expo center and the Milwaukee Mile race track - as well as a governance structure that lacks the flexibility to compete in the sports and entertainment industries.

"We need your help," Greenberg told lawmakers Friday.

Among the assistance he requested was an assurance that any private money raised by the park through sponsorships and the sale of naming rights not be siphoned off for other state uses. And he requested the ability to hire both a chief financial officer and marketing director at salaries that exceed civil service levels.

That rankled one committee member, who noted that Milwaukee Mile General Manager Mark Perrone is paid \$150,000 a year under his contract. "State secretaries don't even earn that much," said Rep. Samantha Kerkman (R-Burlington).

Greenberg called Perrone's compensation "modest" in the racing industry and said such salaries will be necessary to attract the right talent to the park. Greenberg did not answer a question by Jeskewitz about whether Chernelich, whose contract is being extended for another year, is getting a raise from his \$150,000 a year.



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Despite the dire financial projections, Greenberg said progress has been shown at the fair park overall and at all three of its main venues.

The expo center, which has been without a president for seven months, is poised to hire someone, he said. And it is expected to have a deal to sell naming rights to the building within a few months.

Pettit Chairman Chuck Henderson said his facility had begun implementing a business plan he believes will return it to solvency. As part of that plan, he said, the Pettit has hired new management, added greater depth to its board of directors and boosted programming. It is also pursuing refinancing that will lower and stretch out the monthly payments on the remaining \$7 million it owes the state for the Olympic oval's construction.

As for the Milwaukee Mile - the only one of the three directly owned and operated by the fair park since the park took back its racing rights this year - Chernelich said it had doubled its number of races to four for the summer. In addition, he said, the Milwaukee Mile boosted attendance 20% during the 2003 racing season.

Lawmakers lauded the many improvements at State Fair Park to date but assured park officials that they would be closely watching their progress.

"We'll come along with you to make sure your feet are held to the fire as ours are," Darling said.

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State Fair Park pressing affiliates for plans

Pettit, Milwaukee Mile, Expo Center must stanch losses

By MARIE ROHDE
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Last Updated: Oct. 31, 2003

Over the next three months, the Pettit National Ice Center, the Milwaukee Mile and the Wisconsin Exposition Center will have to provide the State Fair Park Board with business plans designed to stem their financial losses, the board decided Friday.

Martin Greenberg, the park board's chairman, said the three ventures "should be given every chance" to succeed. But he added that it is imperative that State Fair Park's \$4.5 million deficit be addressed quickly and that the core of the operation - the State Fair - survive.

"State Fair Park is a business and must be operated as a business," Greenberg said.

The Milwaukee Mile is expected to present the board with a business plan in November, the Pettit Center is expected to make its plan available in December and the the Expo Center's plan is due in January, he said. All have already begun work on the plans, Greenberg said.

"I think you'll be amazed at the progress the Pettit National Ice Center has made," Greenberg told the board.

Even though the State Fair made a \$1.8 million profit this year, the other ventures lost enough money to force State Fair Park to post a \$4.5 million deficit for 2002-'03, according to a report released by the Legislative Audit Bureau in September.

Quotable

“ State Fair Park is a business and must be operated as a business. ”

- Martin Greenberg, State Fair Park Board chairman

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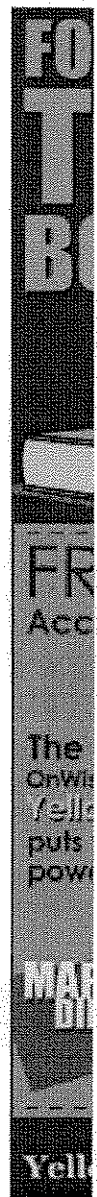
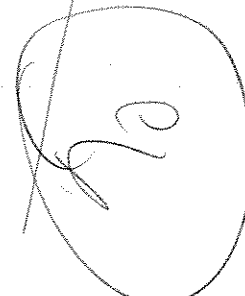
Gov. Jim Doyle formed a task force in March to assess the financial and operational problems of the fairgrounds and come up with solutions. The task force report was released Friday and discussed by the board.

The report calls for hiring a chief financial officer and a marketing director, and forming a public-private partnership for State Fair Park. The board discussed but did not decide whether the two new employees would be hired under the civil service system or privately. Board members also wanted more discussion on making the park operate as a quasi-public entity like the authorities that run Summerfest or the University of Wisconsin Hospital system.

"I would never advocate selling off the Pettit National Ice Center," said state Rep. Scott Gunderson (R-Union Grove), a board member. "I want to understand better what creating an authority would mean."

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The Business Journal of Milwaukee - December 8, 2003
<http://milwaukee.bizjournals.com/milwaukee/stories/2003/12/08/story2.html>



EXCLUSIVE REPORTS

Iceport signs contracts for naming rights

Pick 'n Save largest sponsor

Pete Millard

Three Milwaukee-area companies have signed naming-rights contracts to become sponsors of Cudahy's Powerade Iceport ice arena.

Pick 'n Save food stores has acquired the naming rights of Iceport's 2,500-seat main arena rink, one of five hockey and figure skating rinks in the 225,000-square-foot, \$27 million facility.

"Given the overlap of Pick 'n Save's customer base and the demographics of the families involved in ice sports programs, we think there will be ample opportunities to bring value and promotions to customers," said Andy Abraham, a vice president of marketing for Roundy's Inc., Milwaukee, the parent company of Pick 'n Save.

Roundy's, through its Pick 'n Save and Copps retail stores, is also involved in sports marketing programs with the Milwaukee Brewers and the Green Bay Packers.

Meatpacker Patrick Cudahy Inc., located next door to the Iceport, has agreed to sponsor one of the Zamboni ice resurfacers for the facility. The ice resurfacing machine will be renamed the Hamboni and carry the Patrick Cudahy logo.

Venus Ford, also in Cudahy, has been named the official Ford dealer for the skating facility and will be afforded exclusive automobile marketing rights inside the complex.

The Powerade Iceport is the anchor development on a 40-acre parcel of land in Cudahy that was previously blighted, south of Layton Avenue, east of Nicholson Avenue and west of Sweet Applewood Lane. The overall project will include a 35-acre, retail/commercial development called LakePort Village, which is expected to attract \$43 million in development.

Joint venture

LakePort Village has a joint venture agreement with The Endeavour Group Inc., Milwaukee, to undertake the retail, hotel and commercial development. Hospitality Specialists Inc., Jacksonville, Ill., has already agreed to build a 122-room, four-story hotel at LakePort Village.

Endeavour is close to releasing the names of several other companies that are negotiating to build retail and commercial space at LakePort.

In addition to the skating complex, the development will include nine other buildings with an estimated 150,000 square feet of commercial space.

"We are marketing this complex like it's a professional sports facility, and based on the reaction from sponsors, they appreciate the promotional value of putting their brands in front of families," said Scott Branovan, president of Powerade Iceport.

Neither Powerade officials nor the companies buying naming rights would disclose the terms of their contracts. So far, a dozen local and national companies have signed sponsorship and marketing agreements with Iceport.

Other companies that had previously agreed to sponsorship agreements with the facility include Athletica, Jackson Ultima

Skates, Coca-Cola, General Mills, Mission Hockey, Hockeygiant.com, Woodway USA, Journal Communications Inc. and Chicago Franchise Systems.

Coca-Cola, which owns the sports drink Powerade, was the first company to sign on as a major sponsor of the icesports complex and paid several hundred thousand dollars for the naming rights, sources said. Powerade is also an official sponsor of the National Hockey League.

The business model for Iceport is different than most hockey and figure-skating rinks in North America, said Branovan, because the facility will earn 60 percent of its revenue from sponsorships, food sales, pro shop sales, a gaming center, a computer learning center and other amenities. Most ice rinks in the United States earn 90 percent of their revenue from program fees.

The Powerade model also carries less debt than other ice rinks because of tax incremental financing provided by the city of Cudahy for redeveloping the blighted site and paying for the infrastructure improvements.

The Powerade Iceport will have an operating budget of more than \$5 million per year and is expected to see 1.8 million people come through the doors, said Branovan.

"We are creating this regional sports complex as a destination that people will visit for a variety of reasons," Branovan said.

In addition to attracting skaters from southeastern Wisconsin, Iceport officials expect to attract kids from northern Illinois to participate in its hockey and figure-skating programs.

Iceport will host regional and national ice and roller hockey tournaments almost every weekend after it opens. The facility will also be home to Junior A and Junior B hockey teams for boys who want to compete after high school and gain recognition from college and pro scouts.

The Junior teams will play all of their home games in the Pick 'n Save arena.

Chicago Franchise will own the food vending rights for the complex. The company owns the restaurants called Al's Italian Beef and Nancy's Pizzeria that will operate inside the Iceport. There will also be a sports bar in the building, but Branovan is still negotiating with the company expected to buy the sports bar rights.

"These guys are marketing geniuses who know how to execute a plan," said Bob Naegele III, president of Athletica, a Minneapolis company that makes hockey dasher boards and rink glass. Naegele's family also owns the NHL's Minnesota Wild and an equipment manufacturing company called Mission Hockey.

Athletica has been involved in the construction of several thousand hockey rinks in the last 30 years.

"I've never seen a rink like Powerade," Naegele said. "They are raising the standard for skating arenas."

'Ideal' location

Naegele said the Powerade Iceport will be an ideal spot for aspiring hockey players to develop their ice skills because of the hockey expertise and off-ice training center offered by Iceport's owners.

The Iceport performance training center will be equipped with treadmills and other exercise machines tailor-made for skaters.

"People will flock there from all over the region," said Naegele.

Construction of Powerade Iceport, the largest amateur hockey and figure skating complex ever built in North America, got under way in October. By the end of February, HOK Design Build, Kansas City, Mo., will have completed most of the concrete work and erected the steel structure. Over the winter months, the company plans to begin installing the mechanical, electrical and refrigeration units.

The builders are on schedule to finish the project by late summer of 2004 in time for the fall hockey season.

Milwaukee Journal Sentinel January 24, 2004

Former consultant to fair sues official

He claims Doyle appointee blocked deal

By ANNYSA JOHNSON
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West Allis — A former state official, who earned almost \$100,000 in two years as a consultant to State Fair Park, has sued Gov. Jim Doyle's top administrator, claiming he sabotaged his chances for a separate deal with the park's privately held Exposition Center.

Robert Brandherm and Brandherm Capital Consulting LLC accuse Secretary of Administration Marc Marotta of ordering Bill Drew, then chairman of both the State Fair Park and Expo Center

boards, not to hire Brandherm as interim president of the struggling exhibit hall.

In a lawsuit filed in Dane County Circuit Court this month, Brandherm claims Drew "believed Marotta was threatening retaliation against the Expo Center" if Drew defied the order.

Drew was out of the country this week and unavailable for comment. John Rothschild, chief legal counsel for the Department of Administration, said he would not comment on pending litigation.

Under the terms of the proposed contract, filed with the lawsuit, Brandherm would have earned a monthly fee of \$7,500 plus \$100 an hour for work and reimbursement of expenses.



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Robert Brandherm on the site of the Exposition Center in 2002.

Brandherm claims he met with Drew on April 25 and was told that four of the five Expo board members had "informally approved" the contract, but that Marotta intervened before they could vote on April 28.

Drew and two other board members resigned within

weeks, with Drew suggesting that the refusal to hire Brandherm was tantamount to a state takeover of the private facility.

Brandherm is seeking \$37,500 in damages, the minimum amount he would have been paid under the five-month contract.

Secretary of the state Building Commission between 1990 and 2001, whose job it was to make recommendations on State Fair construction projects, Brandherm went on to briefly lead State Fair Park and then oversee some of those projects as a private consultant.

Brandherm was paid \$12,000 a month as a construction manager for the \$37.8 million Exposition Center and \$20.5 million Milwaukee Mile Grandstand.

But the grandstand contract was cut short in 2002 after the state refused to pay him or exempt the contract from bidding requirements so the fair could pay him.

The grandstand contract was officially terminated by Martin Greenberg, Drew's successor as State Fair Park chairman, in February 2003.

State Fair Park posted a \$4.5 million deficit in 2002-'03, according to the Legislative Audit Bureau.

The Exposition Center was built with \$45 million in industrial revenue bonds obtained by a private, non-profit corporation created by the State Fair Park board.

It opened to much fanfare in August 2002 but has struggled to attract business.

State auditors raised concerns about the Expo Center's financial position, noting that it lost \$404,000 in five months of operation in 2002 and said continued losses through 2004 could make it difficult for the corporation to repay its bonds.

State Fair and Expo Center officials note that \$10 million was set aside in the bonding to cover operating losses during the ramp-up and have insisted that the Expo Center will ultimately turn a profit.

Milwaukee Journal Sentinel January 29, 2004

Losses continue for State Fair building

By ANNYSJA JOHNSON
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Expo Center struggling with low bookings

West Allis — The Wisconsin Exposition Center, which ended 2003 with a \$344,000 deficit, is expected to lose almost \$207,000 on operations this year under a 2004 budget approved Wednesday by its board of directors.

The projections come four months after the Legislative

Audit Bureau raised concerns about the facility's financial position, saying net losses in 2004 could make it difficult to pay off the \$45 million in bonds borrowed to build the center.

Asked Wednesday about the

financial health of the 18-month-old exhibit hall, the Expo Center's vice president of finance, Jon Gaines, told board members, "We're fine for 2004, but . . . 2005 will be a challenge."

Still, Exposition Center

Board Chairman Martin Greenberg was optimistic Wednesday that the facility could succeed with newly appointed President Sandra Lange at the helm.

"We expect in a couple of years to turn this thing around," he said.

The \$37.8 million Expo Center has been blamed — along with the Milwaukee Mile race-track and the Pettit National Ice Center — for contributing to a \$4.5 million deficit incurred by the State Fair Park in 2002-'03.

Greenberg, who is also chairman of the State Fair

Park Board, has called on each of the venues to draft a business plan showing how it will return to solvency. And he has threatened to sell off or evict any of the three that fails to do so that after a reasonable amount of time.

Lange will present the Expo Center's business plan, along with its 2004 budget, to the fair board on Friday.

Changes planned this year

The 2004 budget assumes that the center will bring in \$500,000 in revenue from naming rights and other sponsorships.

As part of its turnaround plan, the center will also reduce some of its rental rates — criticized as exorbitant by event promoters — in an effort to boost bookings at the struggling facility.

"We need to be more competitive in our rate structure here," said Lange, who was hired in November after 10 years as director of marketing and sales with Milwaukee's Wisconsin Center District.

"We're not going to give it away, but . . . we have a lot of open dates to fill," she said.

Gaines blamed the center's 2003 deficit on attendance figures that fell 33% below the 1.6 million visitors projected for the year.

That translated into a \$1.1 million loss of revenue from parking, concessions and utilities charged to events, he told board members.

A troubled beginning

Opened in August 2002, the 275,000-square-foot Exhibition Center was built with \$45 million in industrial revenue bonds and is run by a non-profit corporation established by the State Fair Park Board to finance and operate the facility.

But it has struggled from the beginning with lower than projected event bookings and the loss of its president after 14 months on the job.

The Expo Center booked just 41 events in 2003 and has scheduled only 37 so far this year, Lange said, well below the 68 events initially projected to justify its construction.

Although Greenberg maintains that the State Fair Park Board holds no liability for the Expo Center, should it default on its bonds, former state Director of Administration George Lightbourn has said that the state would likely intervene if that happened.

Gaines told Expo Board members Wednesday that he sees no default "at this time."

Because of reserves set aside as part of the initial bonding, Gaines said the Expo Center will begin 2005 with a cash balance of \$652,602, plus \$3 million in a segregated account for debt service payments if it is unable to fund those through operating revenue.



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Editorial: State Fair Park's red ink

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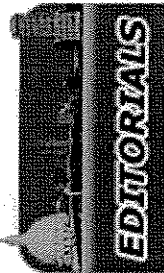
Posted: Feb. 9, 2004

We have two words for folks who are still waiting for the news from State Fair Park to get better: Good luck.

Oh, sure, the fair itself is doing fine; despite a 10% drop in attendance last year, State Fair turned a profit of nearly \$1.8 million. But the news from the rest of the facilities at the fairgrounds is bleak.

And the odds of things turning around any time soon appear slim. Bill Drew, former chairman of the State Fair Park Board, conceded as much not long ago when he told board members that the Wisconsin Exposition Center was built on "seriously flawed" projections and that the facility's debt might need to be restructured to pay off \$45 million in bonds.

What's even more disturbing, Drew admitted that had he known the numbers for the Expo Center were inflated, he never "would have built" the hall. This is definitely not something that board members, state legislators and state taxpayers want to hear right now.



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Surely not after state auditors reported last fall that the park posted a \$4.5 million deficit in 2002-'03, which the auditors blamed on poor business decisions and an aggressive building campaign that, ironically, was intended in part to bring in additional revenue. The Expo Center and the recently revamped Milwaukee Mile grandstand were cited as two of the major reasons for the deficit along with the Pettit National Ice Center.

It's not as if this was a surprise. Auditors last year questioned the revenue projections for the \$36 million Expo Center, which opened in the summer of 2002. So did this Editorial Board. Those obviously rosy numbers were part of a feasibility study for the Expo Center conducted by Economic Research Associations of Chicago.

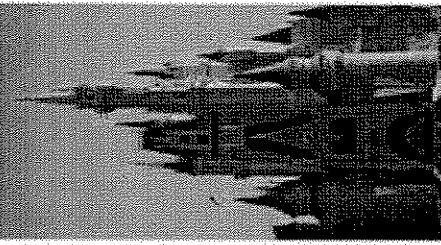
The Expo Center is expected to lose \$207,000 this year; last year, it lost \$344,000. Last week, Drew urged members of the Fair Park Board to develop new projections for the Expo Center that "make sense."

Under these circumstances, it's not surprising that state officials, including Tourism Secretary Jim Holperin and Administration Secretary Marc Marotta, are anxious to put miles between them and the Expo Center's financial problems. Marotta went so far as to say "it's not the state's problem. The last thing we're going to do is come in and take care of a deal that was flawed to begin with."

But we're not convinced it's that simple. Although Martin Greenberg, chairman of the Fair Park Board, said he does not believe the board has any liability if the Expo Center defaults, Marotta's predecessor, George Lightbourn, has said the state would likely intervene if that happened.

Greenberg is trying valiantly to get a grip on this runaway horse; Sandra Lange was appointed president of the Expo Center in November after 10 years as director of sales and marketing with the Wisconsin Center District. But if things continue to deteriorate, somebody is going to have some explaining to do.

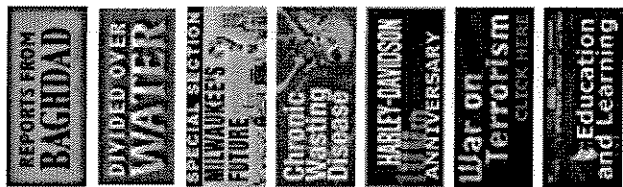
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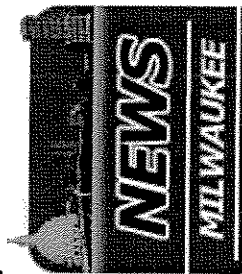
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State Fair Park officials expect return to profitability

New financial chief says healthy budget still long ways off

By ANNYSJA JOHNSON
anjohanson@journalsentinel.com

Posted: March 8, 2004

West Allis - After years of red ink, the Wisconsin State Fair Park's operating budget is expected to end the year in the black, only the second time in six years it would have turned a profit, according to a forecast provided to the State Fair Park Board on Monday.

Although it does not erase the \$4.5 million deficit the fair park carries forward from last year, the projected \$195,000 surplus represents a significant milestone for the struggling state agency, which lost \$1.8 million on operations in 2002-'03, said Craig Barkelar, a longtime state accountant who was introduced Monday as the fair park's new chief financial officer.

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"It will be a long time before it's really healthy, until that deficit is paid off. But a lot of folks have worked very hard to tighten up operations, so it wouldn't get any worse this year," he said.

Barkelar's forecast attributes the surplus to strong projected performances by the Milwaukee Mile and the 2004 Wisconsin State Fair, as well as a cut in losses associated with the Pettit National Ice Center and other non-fair operations.

The Milwaukee Mile is expected to turn a profit of \$321,600 this year, compared with an \$811,000 loss in 2003. And the State Fair event has forecast profits of \$1.5 million in 2003-'04, up from \$1.1 million the previous year. (These figures reflect an accounting structure that requires expenditures and revenue to be spread over two fiscal years. The actual 2004 fair profit is expected to hit nearly \$1.7 million this year, up from \$1.5 million in 2003.)

Losses from the Pettit are expected to run \$351,300, down from \$516,000 last year, and all other losses from non-fair operations should drop to \$1.3 million from \$1.8 million, according to the projections.

The financial forecast was announced as part of park board Chairman Martin Greenberg's state of the fair park address and release of the business plan for the 2004 Wisconsin State Fair, Aug. 5-15.

In other fair business:

- The park board approved \$20,000 in upgrades to the Cream Puff Parlor intended to push sales over \$1 million.
- The board revised the midway contract with Murphy Bros. to add additional years and adjust annual payments to the fair in return for a \$500,000 payment upfront that will be applied to the deficit.
- State and fair officials have abandoned their efforts to refinance up to \$45 million in bonds borrowed to build the Wisconsin Exposition

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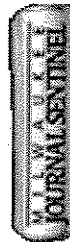
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Center at State Fair Park. Greenberg said Monday that it would cost \$7 million to convert the bonds from a fixed rate of 5.5% to a lower variable rate. The refinancing would have saved about \$200,000 a year for the struggling facility, which is expected to lose \$207,000 this year.

From the March 9, 2004 editions of the Milwaukee Journal Sentinel

[BACK TO TOP](#)

- Jobs
- Cars
- Real Estate
- Rentals
- Personals
- General Classifieds
- Buy & Sell Tickets
- Contests

Milwaukee Journal Sentinel March 3, 2004

State seeks to refinance Expo Center bonds

By ANNYSJA JOHNSON
anjohanson@journalsentinel.com

State officials are meeting with investment bankers this week in the hopes of refinancing up to \$45 million in bonds borrowed to build the Wisconsin Exposition Center on State Fair Park.

The refinancing, if completed, would cut the interest rate on the bonds from about 5% to 2%, saving the struggling exposition hall at least \$200,000 annually, State Fair Park and Expo Center Chairman Martin Greenberg said Tuesday.

"This will help with cash flow," said Greenberg, noting that the Expo Center is projected to lose about \$207,000 this year.

"What we're trying to do is break even."

The Expo Center refinancing is among a number of steps Greenberg and the state are taking in an effort to turn around the Wisconsin State Fair Park, which posted a \$4.5 million deficit in fiscal year 2002-'03.

Although the annual 11-day fair is profitable, the park's other major venues — the Milwaukee Mile, Expo Center and privately run Pettit National Ice Center — have struggled financially.

The \$37.8 million Exposition Center, built by a non-profit corporation established by the State Fair Park Board, has had difficulty booking events since it opened in August 2000.

Although deficits were projected for the first few years of operation, much of the cushion borrowed to carry the building through the ramp-up has been depleted. And a 2003 report by the Legislative Audit Bureau said net losses in 2004 could make it difficult for the Expo Center to meet its obligations.

In addition to the Expo refinancing, Greenberg said, the State Fair Park is exploring a spinoff of the Milwaukee Mile — reacquired by the Park Board with great fanfare last May — and the prospect of luring a hotel onto W. Greenfield Ave. to support the Expo Center.

Greenberg said he expects no change in the Milwaukee Mile's ownership this year but that several scenarios are being considered to "better position" the business, including the creation of a non-stock corporation similar to the Expo Center Board, selling the assets or leasing the rights to a promoter.

The Business Journal of Milwaukee - March 8, 2004
<http://milwaukee.bizjournals.com/milwaukee/stories/2004/03/08/story2.html>



EXCLUSIVE REPORTS

From the March 5, 2004 print edition

State fair grounds turn profit

Milwaukee Mile, sponsorships, Pettit improve revenue picture
Pete Millard

Wisconsin State Fair Park officials estimate the park will break even and maybe even show a six-figure profit by the end of its fiscal year in June.

A year ago, State Fair posted \$4.5 million in net losses because of a \$2.1 million operating loss and the state seeking \$2.4 million more in debt payments to narrow the state's \$3.2 billion budget deficit.

For the past several years, three of the four operations of the State Fair Park have lost money. In fiscal 2003-2004, the operations for State Fair itself will show a \$1.8 million profit. However, other operations on the State Fair grounds -- the Milwaukee Mile, Wisconsin Exposition Center and Pettit National Ice Center -- will lose an estimated \$1.6 million.

The final budget figures for the State Fair Park will not be complete until July.

"We are on the way to balancing our budget and paying down on prior shortfall years," said Joe Chrmelich, chief executive officer for Wisconsin State Fair Park and the Milwaukee Mile.

Revenue from sponsorships, advance tickets sales at the Milwaukee Mile and advertising signage throughout the park is expected to give the park a budget surplus, State Fair officials said.

"I feel good about the direction we're going," said Martin Greenberg, who was named chairman of the park board by Gov. Jim Doyle in February 2003.

One source of State Fair's improved finances is that the Pettit Center has made more lease payments in the past year. The Pettit made seven of its \$75,000 monthly lease payments to State Fair Park since January 2003, said Cindy Yomantis, executive director of the Pettit. In 2002, the Pettit was in arrears on all of its lease payments. The skating complex has also increased its program income from a year ago by 32 percent, she said.

New revenue streams

State Fair Park officials are seeking new revenue streams, including negotiating with more than half a dozen companies about buying naming rights for the Wisconsin Exposition Center and other buildings and streets on the fairgrounds, Greenberg said.

"We have fertile brands that are ripe for revenue enhancement," said Greenberg, a Milwaukee lawyer who specializes in sports law and real estate.

Greenberg is at the forefront of several changes with the operations and future plans for the park.

The biggest project Greenberg is pushing in 2004 involves building a hotel near the park's southeast boundary in West Allis along Greenfield Avenue.

A hotel near the Wisconsin Exposition Center would give the center's promoters an edge in attracting more consumer and business trade shows, said Sandy Lange, president of the expo center.

"Trade show people like to be within walking distance of their hotel," she said.

West Allis city officials are willing to work with the Fair Park to bring a new hotel to the Greenfield Avenue business corridor. West Allis and State Fair Park will split the cost of a feasibility study to determine if a hotel is practical for the corridor, said John Stibal, director of West Allis' department of development.

"We need to work with the fair to make the Greenfield corridor more commercially productive," he said.

West Allis is willing to create a tax incremental financing district along Greenfield Avenue to attract a private developer to the hotel project, Stibal said.

Greenberg said State Fair Park officials would be willing to explore a land lease for state property if a developer is willing take on the hotel project. Since State Fair Park is in West Allis, a developer who leases land, even though it is state-owned, would pay taxes on any improvements to the property.

A year ago, the State Fair Park board talked about developing several acres on the park's northeast corner near an existing park-and-ride lot. Developing the northeast parcel is still a possibility, said Rep. Anthony Staskunas (D-West Allis), who also is a member of the State Fair Park board.

"The exact location of a hotel is not etched in stone," said Staskunas.

Staskunas said building the hotel south of Greenfield Avenue on private property might make more sense than on the State Fair grounds.

Other initiatives that Greenberg is pushing include refinancing \$45 million in bonds used to construct the Wisconsin Expo Center and spinning off the Milwaukee Mile into a stand-alone organization. State Fair Park reacquired the rights to the Milwaukee Mile from Atlanta promoter Carl Haas last May for \$250,000.

If the park board is successful in restructuring the debt of the Expo Center, the interest rate on the bonds would drop from 5 percent to 2 percent. That

would result in the Expo Center saving about \$200,000 a year in debt service payments.

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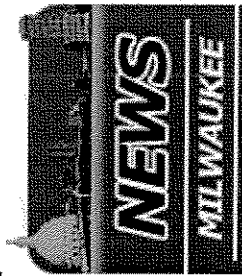
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Chrnlich to step down as fair CEO

He says he doesn't want what the job's likely to become

By ANNYSJA JOHNSON
anjohanson@journal sentinel.com

Posted: Feb. 19, 2004

West Allis - The chief executive officer of State Fair Park, which amassed a \$4.5 million deficit in 2002-'03, announced Thursday that he will step down this year.

Joe Chrnlich, who was hired in October 2001 to implement former Gov. Tommy G. Thompson's vision of State Fair Park as a year-round business and entertainment venue, said he was not pressured to leave by the park's 13-member board of directors.

Instead, Chrnlich, who had hoped to establish the park as an authority that would operate at arm's length from the state, said he's not interested in pursuing what is likely

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A DAILY Q&A

to revert to a civil service position under Gov. Jim Doyle's administration.

"It's very apparent that this is going to remain a state agency, at least for the next two or three years," said Chrmelich, a former lobbyist.

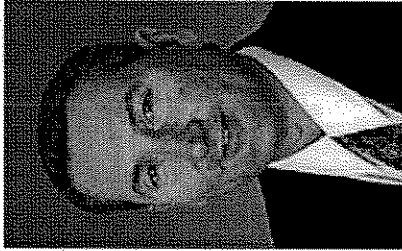
"When this job was put forward, what interested me was being CEO, the development aspects of the job, the new structure. It now appears that it will go back to being an executive director position," he said.

Chrmelich's announcement drew a mixed reaction from State Fair Park Board members.

"I'm sorry to see him go. I think he steered a boat without a rudder through some choppy seas," said Timothy R. Sheehy, president of the Metropolitan Milwaukee Association of Commerce, who has been a strong ally of Chrmelich's on the board.

William Drew, the former Park Board chairman who hired Chrmelich but has since become one of his staunchest critics, said it was time for him to step down.

"I don't think it's any secret that I did not think he was doing an adequate job," said Drew, who claims he had to resort to open records requests for information from the CEO that he was entitled to see as a board member.



Photo/File

Joe Chrmelich announced he will step down as fair CEO

Mixed Reaction

“I came to a point where I did not trust his judgment anymore.”

- William Drew, former State Fair Park Board chairman

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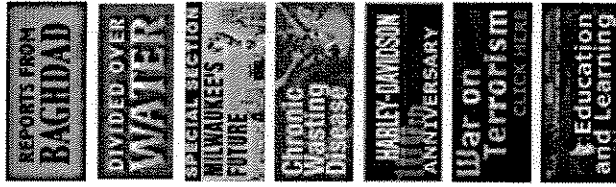


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"I came to a point where I did not trust his judgment anymore," he said.

Commerce

Current Chairman Martin Greenberg, the Milwaukee sports attorney named by Doyle to return the park to solvency, was en route to London and unavailable for comment Thursday.

Though the annual State Fair is profitable, the larger State Fair Park posted a \$4.5 million deficit in its 2002-'03 fiscal year, caused in part by the poor performance of three of its main entities, the Milwaukee Mile race track, the Pettit National Ice Center and the 18-month-old Wisconsin Exposition Center.

A Legislative Audit Bureau report released in September said State Fair Park expenses have exceeded revenue in four of the last five years.

It attributed the park's declining financial condition to poor business decisions and an aggressive building campaign, including a \$37.8 million Exposition Center that has struggled to attract business and a \$20 million grandstand for the Milwaukee Mile.

A former Wisconsin Badgers basketball player who helped found the non-profit Wisconsin Sports Authority, Chernelich worked as a lobbyist and business development consultant through a firm he formed called Rainmaker Corp.

He was development director at the fair park from 1997 to 2000 and helped shape the master plan that launched a \$160 million upgrade of the park in August 2000.

The Expo Center, grandstands and \$9 million in renovations to the park's Ag Village were among the projects built so far, but Greenberg has since declared Thompson's master plan "dead," effectively mixing one of its major components, a proposed \$39 million marketplace known as Heritage Hall.

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Among his accomplishments, Chrmelich listed elevating the annual fair to one of the nation's best and instilling a business philosophy in the fair's operation.

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Vendors withdraw State Fair lawsuit

Board makes it easier to sell park's buildings

By ANNYSY JOHNSON
anjohnson@journalsentinel.com

Posted: May 24, 2004

West Allis - Six longtime vendors withdrew their lawsuit against the State Fair Park Board after the board approved new contract language that makes it easier for them to sell their buildings, park board Chairman Martin Greenberg said Monday.

In other news Monday, the board approved a one-year sanctioning agreement with NASCAR for the 2005 Truck Series and Busch Grand National Series at the Milwaukee Mile. And it unanimously approved changes to the bylaws that limit board members' oversight of park contracts as well as their ability to meet independently with park staff and provide information to reporters.

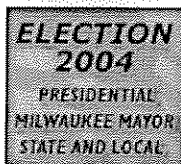
The provisions on board member conduct were drafted in response to the actions of former Chairman Bill Drew in the months before his term expired May 1, Greenberg said. Drew could not be reached for comment Monday.

The vendor lawsuit was dismissed in Milwaukee County Circuit Court April 24. The companies had filed suit in January 2003, claiming the board's refusal to approve sales of vendor stands or compensate those whose buildings would be razed to make room for fair improvements robbed them of the value of their investments.

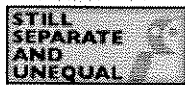
After the board met in closed session Monday, it approved the NASCAR agreement without discussion in the open session. Greenberg refused to discuss the terms of the agreement after the meeting, saying it is confidential.

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Among changes to the bylaws approved Monday is a provision that raises the minimum value of contracts requiring board approval from \$5,000 to \$25,000. Greenberg said the change brings the park in line with other state agencies. Asked whether the lower level was warranted given the park's recent financial problems, Greenberg said it wasn't.

"This puts more faith in the judgment of the executive director," he said.

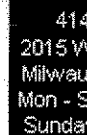
The board member conduct provisions prohibit board members from meeting independently with park staff without the chairman or park director's approval, designate the board chairman as the primary spokesman for the board and dictate that any information for the media should go through the park director's office.

Though he voted for it in the end, board member and state Rep. Scott Gunderson (R-Waterford) raised concerns about having limited access to park staff.

"I'm concerned that some of us who take an active role could have our wings clipped," he said.

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Audit: State Fair Park still struggles

By TODD RICHMOND
Associated Press Writer

MADISON, Wis. (AP) -- The Wisconsin State Fair Park spent \$2.1 million more than it earned over the last 11 months, continuing a four-year trend of spending more money than it makes, according to a state audit released Tuesday.

Park officials, though, are banking on a NASCAR race at the park's Milwaukee Mile and advance ticket sales for August's state fair to push their finances into the black, according to the Legislative Audit Bureau report.

The report said park officials estimate they'll finish the year that ends June 30 about \$195,000 ahead.

But state Sen. Carol Roessler, R-Oshkosh, and Rep Suzanne Jeskewitz, R-Menomonee Falls, co-chairwomen of the Legislative Audit Committee, issued a joint statement saying the park's projections might be too optimistic.

"Their financial condition continues to warrant scrutiny," Jeskewitz said in the statement.

The park's chief executive officer, Joe Chnelich, said he doesn't blame Roessler and Jeskewitz for their caution. Projections for the park historically have been too positive, he said.

"There's no silver bullets anywhere," Chnelich said. "This is just roll your sleeves up. Ultimately, over time, you get yourself back up on firm ground. You measure it inch by inch."

The park has struggled since starting a \$160 million renovation program in 2000 to turn itself into a year-round entertainment venue. The renovations included a new grandstand at the park's Milwaukee Mile racetrack and the new Wisconsin Exposition Center.

State statutes adopted in 1999 require the audit bureau to review the park's finances. The reports found the park's expenses have outpaced its revenues in four of the last five years, creating a total deficit of \$5.5 million dollars since the year that ended June 30, 2000.

A state audit in September 2003 said the park's financial management and reporting must be improved, the park planned poorly for the renovations and used overly optimistic projections for new income from them.

Chnelich defended the renovations.

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"People look and say, wow, this is a first-class place. They leave and tell their friends. That's how you grow an event business," he said.

State Auditor Janice Mueller said the September 2003 review wasn't complete because the park couldn't provide full financial statements. But Tuesday's report said the park used an accounting firm to give auditors complete information.

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The audit said park staff expect revenue from the Milwaukee Mile will increase from \$5.4 million last summer to \$9.6 million this season, largely from adding two races in June, including a NASCAR race this weekend.

Chernelich said the park already has taken in \$800,000 in advance ticket sales for the state fair, scheduled for the first week in August. That's up from forecasts of around \$500,000 in advance sales, he said.

The audit also found park officials have created business plans for the Exposition Center and the Milwaukee Mile as recommended in the 2003 review. Tuesday's audit recommended park officials report to the Joint Legislative Audit Committee on their finances and business plans for next year by the end of October.

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Wisconsin State Fair Park: <http://www.wistatefair.com/home/sf2/>

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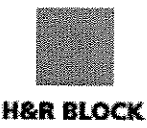

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State paying racetrack operator more than Doyle

Posted: June 26, 2004

Spivak & Bice

One of the highest-paid folks in state government isn't the governor, who collects \$122,406 a year.

Nor are any of Gov. **Jim Doyle's** top aides at the top of the money list even as they help decide how to spend money from the state's multibillion-dollar budget.

No, the lucky guy shaking the state money tree with gusto is **Mark Perrone**. He's an out-of-state resident with a tax conviction who has a contract to run the nation's only state-owned and operated auto racing track featuring big-time sanctioned races.

"I'm not going to deny the fact that he is highly paid," said **Marty Greenberg**, chairman of the State Fair Board, which owns the **Milwaukee Mile** racetrack.



Cary Spivak & Dan Bice

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Based on the overwhelming evidence contained in Perrone's two-year state contract that expires in early 2006, Greenberg - a respected Milwaukee lawyer - would have a tough time arguing otherwise.

Exhibit 1: Perrone, a guy unknown to most state residents, is paid a \$153,000 annual salary. On top of that, if the struggling track turns a profit, he'll receive a bonus equal to 4% of it. Last year, when the bonus was linked to revenue, Perrone pocketed an extra \$43,000.

Exhibit 2: In February, the state began paying Perrone more than \$10,000 a year for family health insurance. How unusual is this? Well, one of the key reasons that governments and companies dole out consulting pacts is to avoid having to provide such pricey perks.

Exhibit 3: Perrone even gets a basket full of free stuff, compliments of taxpayers: free first-class trips each month back home to Ipswich, Mass.; unlimited use of a brand-new Toyota 4Runner, worth upwards of \$40,000; and free year-round lodging at a local Best Western.

It's impossible to put a price tag on the car and lodging since the public agency refused to disclose the value of those benefits, which event sponsors provide.

Exhibit 4: He also has an all-you-can-eat expense account. Over the past 18 months, Perrone, who spends some time on the road, has been reimbursed more than \$10,000 for meals - he enjoys a good steak now and then - hotels, flights and other expenses.

All this for a consultant whose deal leaves the door open to his landing other clients.

Greenberg, who has the unenviable task of turning around the track and fair's finances, was also stuck with the job of answering questions about Perrone's deal because neither the consultant nor his boss, State Fair Director **Joe Chernelich**, would return calls or emerge from his office when we visited last week.

Greenberg was quick to defend Perrone's lucrative pay package Friday, noting that the job was unlike any other in state government.

Yes, Perrone holds the pole position among most state workers. But in the world of track managers, Greenberg said, Perrone is just in the middle of the pack. Greenberg said fair staffers checked with a handful of similarly sized tracks and found Perrone's package was in line with what is being paid elsewhere.

"This is different than what states are involved with," Greenberg said of running a sports venue. "It takes special skills."

The fair chairman, though, was more reticent about Perrone's criminal conviction.

The 50-year-old former sports agent was charged in 1999 with filing a false tax return. According to the grand jury indictment, Perrone understated his income by more than \$100,000 in both 1990 and 1991.

On his 1990 tax return, for instance, the indictment said he reported income of \$7,875, but it charged he actually pulled down more than \$182,000. Perrone's lawyers argued that he never intended to defraud Uncle Sam.

The charges were later reduced to two counts of failing to file a federal tax return on time. Perrone got two years' probation.

Greenberg shrugged off the importance of the conviction, saying the board discussed the matter with Perrone and his attorney. "It's not an issue," Greenberg said.

The board never talked to the prosecutors.

The state inherited Perrone's contract when it bought back the rights to run the racetrack last year and then renewed Perrone's pact this year. The racing exec has done an excellent job of trying to make the facility an asset to the community, Greenberg said.

Still, Greenberg predicted it was unlikely that the track would turn a profit this year, though he said six-figure annual profits are possible a few years down the road.

Along with all the cash and bennies in the contract, there is one requirement Perrone has yet to fulfill: move to Milwaukee.

Greenberg said he is confident that Perrone would meet the October deadline for the move, but the chairman said he would bring it up with the board if Perrone didn't. Greenberg fell short of saying Perrone's job would be in jeopardy if he failed to make the move.












Records show that Perrone bought a house for \$360,000 in Ipswich last year and has a \$700,000 mortgage on a second Massachusetts property he lists as his primary residence.

"We feel that whoever manages the track should have a close relationship with the community," Greenberg said. "He should live and be part of the community."

And with what he's being paid by taxpayers, he should be able to buy a mighty fine home.

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Fair Park still losing money, report shows

Audit raises concern about revenue forecasts

By ANNYSJA JOHNSON
anjohnson@journalsentinel.com

Posted: June 22, 2004

West Allis - State Fair Park, which posted a \$4.5 million deficit last year, lost \$2.1 million the first 11 months of the 2004 fiscal year, according to a report released Tuesday by the Legislative Audit Bureau.

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The 2003 audit of the State Fair Park, delayed for nine months by the park's inability to provide complete and accurate financial documents, acknowledges the steps the State Fair Park Board has taken in an effort to turn itself around.

But the audit raises concerns about the park's deteriorated financial condition and what it described as optimistic projections for its main venues: the Milwaukee Mile, Wisconsin Exposition Center and Pettit National Ice Center.

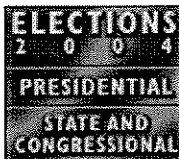
"Their projections rely on a strong performance by the Milwaukee Mile sponsorships and naming rights, some of which have not been successful to this point," said state auditor Janice Mueller.

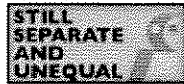
"The fair park has taken some positive steps," she said. "But as they move forward, they have to ensure that their financial projections are reasonable."

State Fair Park has said it would post a \$195,000 profit for the 2004 fiscal year based on improved financial projections for its three main venues, including a 78% increase in racing revenue for the Milwaukee Mile.

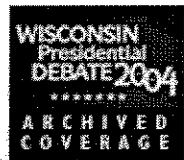
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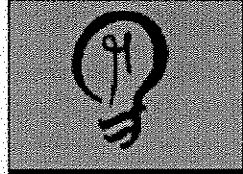


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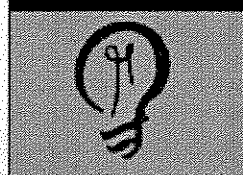
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Mile.

Park Board Chairman Martin Greenberg said Tuesday that he is confident the park will meet its target. However, substantial revenue is expected before the July 31 close of the reporting period, he said, from the Milwaukee Mile races, 2004 State Fair vendor payments and sponsorships.

"Is it overly optimistic? It's too early to tell," Greenberg said. "I generally, we agree with what the audit says - that we have to continuously look at the numbers to make sure they bear some resemblance to reality."

Greenberg said he has a commitment to sell the naming rights for the State Fair Park facility and is in serious talks for others. He declined to name the buyer, saying it would be announced during the Wisconsin State Fair in August.

Tuesday's audit, which covers fiscal years 2001-'02 and 2002-'03, reiterates many of the findings reported in the State Fair Park management review issued by the Audit Bureau in September 2003.

That report blamed the park's financial problems in part on poor decisions and an aggressive building campaign that included the \$37.8 million Exposition Center and the \$19 million Milwaukee grandstand.

The audit highlights as positives several steps taken since then, including the hiring of a president for the Expo Center and chief financial officer for the fair park, the expansion of the Milwaukee Mile racing season as an effort to recoup some costs incurred by the park on behalf of

But it questions the park's ability to meet its debt payments - projected at more than \$3.4 million a year through 2012-'13 - if it doesn't either increase revenue or cut expenses.

Among the audit's findings:

- The Milwaukee Mile lost nearly \$700,000 in the 2003 racing season. That included a \$250,000 payment to Haas Racing to buy back the promoter's contract to operate the track, which is now run in-house. That followed a drop in racing revenue under Haas from \$1.1 million in 2001 to \$34,900 in 2002.

Park officials estimate the Mile will turn a profit of \$70,700 in 2004, but that is based on revenue projections that include \$750,000 in sponsorships and \$300,000 in naming rights. However, "the Milwaukee Mile's ability to generate projected revenue from sponsorships and naming rights is uncertain," the audit said.

- The Pettit National Ice Center, which is nearly \$1.3 million behind on lease payments for the fair park, is projecting that it will break even and make all of its payments to the park in 2004.

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That assumes private contributions will remain unchanged at almost \$388,000 and that from programming, sponsorships and other activities will jump \$700,000 to \$2.8 million.

The Pettit has lost \$1.3 million since 1999, including nearly \$478,000 last year.

- The Exposition Center, built and operated by a non-stock corporation established by the park board, is projecting a loss of \$206,000 this year. That assumes it will generate \$500,000 through the sale of advertising space and sponsorships. "As with the Milwaukee Mile," said, "some uncertainties exist over the likelihood of generating significant revenue through such activities."
- Staffing concerns raised in the September report have yet to be resolved, according to an audit. As of May, the park still needed to eliminate six positions to reach the staffing level authorized by the state last year. In addition, the park gets around that staffing mandate by funding 10 Milwaukee Mile employees through the Expo Center. Under the agreement, the profit Expo Center pays those workers and is reimbursed by the fair park.

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3 vying for Fair Park directorship

City budget director, two fair veterans are under consideration

By ANNYSJA JOHNSON
anjohanson@journalsentinel.com

Posted: July 14, 2004

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① Former State Sen. Joseph Czarnezki, who will lose his job as Milwaukee budget director under Mayor Tom Barrett, is among three finalists for the Wisconsin State Fair Park director's position.

② Also in the running are Randy Prasse, executive director of the East Town Association, and ③ Richard Frenette, a Wisconsin native who helped turn around the financially troubled Ohio State Fair in the 1990s.

The State Fair Park Board is expected to make a final decision as early as next week, board Chairman Martin Greenberg said.

The new director will succeed Chief Executive Officer Joe Chernelich, who was hired as a consultant in 2001 to implement then-Gov. Tommy G. Thompson's \$160 million plan to turn the fairgrounds into a year-round entertainment venue.

Whoever assumes the post will face significant challenges. The State Fair Park amassed a \$4.5 million deficit in the 2002-'03 fiscal year and lost \$2.1 million in the first 11 months this year, according to the state Legislative Audit Bureau.

Although the annual state fair is profitable, the park's finances have been strained by the poor performance of its three main venues: the Pettit National Ice Center, Milwaukee Mile race track and Wisconsin Exposition Center.

All of the candidates said they have the skills and experience to lead the park. Of the three, Czarnezki would have the highest profile in Madison, where many of the decisions affecting the state fair park are made.

He served in the state Legislature from 1980 to 1992, ran an unsuccessful campaign for lieutenant governor on the democratic ticket in 1990 and lost the Milwaukee County executive race to F. Thomas Ament in 1992.

Czarnezki has been with the City of Milwaukee since 1993 when he was named deputy director of administration by then-Mayor John O. Norquist. During his tenure, Czarnezki has served as interim health commissioner, intergovernmental relations director and executive director of the Police and Fire Commission. He was named budget director in March 2003, replacing Laura Engan, who left to become Gov. Jim Doyle's deputy secretary of administration.

Czarnezki has not been reappointed by the Milwaukee mayor.

Czarnezki pointed to his experience with the city and knowledge of State Fair Park issues as a legislator representing West Allis as among his strengths.

"I've always been involved in State Fair Park issues," he said. "And I've served on the joint finance committee, so I'm certainly familiar with the financial issues."

Frenette and Prasse both touted their strengths in fair and event management.

A Chippewa Falls native, Frenette served as executive director of the Ohio State Fair from 1993 to 2003 before taking a similar position with the Utah State Fair Corp. in January.

"My skills are in turning things around," said Frenette, who applied but lost the Wisconsin State Fair Park position to Chnelich in 2001.

"When I got to Ohio 11 years ago, it was \$3.5 million in debt because of the previous management. It took a few years, but we were able to bring it back to a positive cash flow," he said.

Prasse, of Racine, was marketing director of the Racine County Convention and Visitors Bureau before joining the East Town Association in 2001.

As executive director, he manages the 175-member downtown business group; oversees the staging of Bastille Days, Jazz in the Park and other events sponsored by the association; and in 2003 raised a record \$300,000 in sponsorships for East Town events.

"We've been able to run our festivals like a business," Prasse said.

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Original URL: <http://www.jsonline.com/news/metro/aug04/251714.asp>

This year's fair was quite a treat

Attendance records were set on 2 days; bakery sales break the \$1 million mark

By ANNYSJA JOHNSON
anjohanson@journalsentinel.com

Posted: Aug. 16, 2004

West Allis - The State Fair has ended its 153rd run, breaking attendance records on two of its 11 days and posting record sales in both the midway and the storied cream puff bakery.

By the close of the fair Sunday, the midway topped \$2 million in sales. And the dairy bakery doubled the number of brownies it hoped to sell in their debut, pushing bakery sales over the \$1 million mark for the first time.

As a result, the 2004 fair should meet or exceed its \$1.8 million profit projection, fair officials said Monday, bolstering its status as the only profitable venture at the financially troubled fair park.

"It was positively electric here," State Fair Park spokeswoman Kathleen O'Leary said of the 2004 fair, which drew 879,322 visitors over the 11 days. That's no record, but it's up 8.6% over the rain-plagued 2003 event.

O'Leary attributed the increase to great weather, new programming that targeted youth and minorities, aggressive marketing - including a direct mail campaign - and an opening day promotion that pitched admission, rides and a brownie for \$1 each.

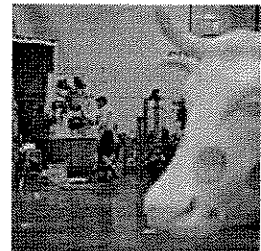
That promotion drew 70,043 visitors to the park, breaking the 1999 record of 61,319 for an opening day.

Also, because the \$1 admission required a donation to Hunger Task Force, it resulted in the collection of 98,000 pounds of food and raised more than \$5,000 for the non-profit agency, a record for any single-day food drive for the food agency, O'Leary said.

Also at this year's fair:

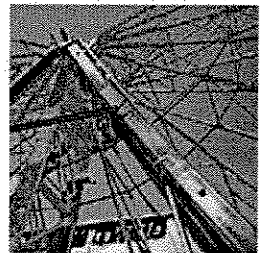
- The livestock birthing barn that debuted this year was a huge draw, fair officials said. Over the 11 days, 293 animals were born: four calves, 15 lambs, 160 piglets, 50 ducks and 64 chicks.
- Arlene Hanson of Greenfield won the raffle for the \$200,000 home built by Turn-Key Homes of Waterford. More than 35,000 \$10 tickets were sold, with proceeds benefiting Job's Daughters and the Wisconsin State Fair Park Foundation.
- When Dave Schmidt, executive director of the Wisconsin Bakers Association, pitched an expansion of the dairy bakery this spring so it could launch the new brownie, he expected they'd sell 30,000 this year. They exceeded the estimate by more than 20,000, selling 51,564. Still, it was no match for the legendary cream puff, of which 339,321 were sold.

State Fair



Photo/Mary Jo Walicki

A security guard watches Monday afternoon as a vendor in the Wisconsin Exposition Center building packs up a display after the State Fair's 11-day run came to an end.



Photo/Mary Jo Walicki

Workers take down a ferris wheel Monday on the midway at the State Fair Park grounds. The midway topped \$2 million in sales this year, a record. The fair should meet its profit projections, officials said.

"We're worn out," said Schmidt, who supervises the bakery, which broke sales records on nine of the fair's 11 days.

"I don't think there's ever been a year when we have consistently broken records like this," he said.

- The grand champion steer brought owner Melissa Sterken of Delavan \$42,000 in the Governor's Blue Ribbon Livestock Auction. But for one of only a few times in the last two decades, the top bidder was not Bob Gold, former owner of Gold's Pick 'n Save.

Gold opened the bidding at \$10,000 but dropped back, yielding to Packerland Packing Co. in the end.

Gold, who paid between \$50,000 and \$58,000 for the grand champions in each of the last three years, said there was nothing significant in his decision.

"It was time to let someone else take over. I wanted to sit back a little bit," said Gold, who no longer owns any Pick 'n Save stores but maintains a relationship with the Roundy's company. "I plan to be back at the auction next year."

Proceeds from the auction totaled \$213,300 this year, down from \$250,250 in 2003, despite an effort by fair officials to broaden their bidder list.

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State Fair Park cuts deficit but still loses \$1.7 million

By ANNYSJA JOHNSON
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Posted: Sept. 1, 2004

West Allis - The Milwaukee Mile racetrack lost \$2.5 million in 2003-'04, making it the single largest contributor to a \$1.7 million deficit posted by State Fair Park in the fiscal year that ended June 30, park board Chairman Martin Greenberg said Wednesday.

Greenberg reported the deficits at a meeting of the State Fair Park Board and said immediate steps would be taken to boost sponsorship revenue and streamline operations in an effort to stem future losses at the track.

But no spinoff or sale of the racing rights - two options previously discussed - is on the table, he said after the meeting.

"Our goal is to make this a success within the confines of State Fair Park. That is the only option under consideration at this time," he said.

According to the financial report released Wednesday, State Fair Park narrowed its deficit to \$1.7 million in 2003-'04, from \$4.5 million the year before.

That was attributed in large part to a much smaller state assessment last year: \$179,700, compared with \$2.4 million in fiscal year 2002-'03. Every state agency gets assessed some amount to help the state control its deficit.

Once again, the annual State Fair was the only moneymaker on the fairgrounds, turning a profit of \$1.9 million last year and exceeding its projections by \$800,000.

According to the report, the Milwaukee Mile hit its expense projections for 2003-'04 but fell short on revenue both in ticket sales and sponsorships.

In addition to the red ink generated by the Mile, the fair lost \$380,000 on its lease payments for the Pettit National Ice Center and \$547,800 in other non-fair operations.

Despite the losses, those were improvements over 2002-'03, when the park lost \$516,000 in Pettit lease payments and \$1.7 million on non-fair operations.

The report did not include any data for the financially troubled Wisconsin Exposition Center at State Fair Park, which is run by a spinoff corporation but currently provides no revenue for the park.

Greenberg announced a game plan for attacking the park's overall deficit Wednesday, including eliminating staff redundancies among all of the park's entities, greater scrutiny of contracts, increased sponsorship revenue and a state refinancing of the park's debt.

The plan reiterates many of the recommendations put forth by a task force Greenberg established when he took over the board chairmanship in February 2003.

Asked how it's different this time, he said, "This is the implementation, rather than the discussion."

Also Wednesday, Greenberg appointed Chief Financial Officer Craig Barkelar as interim executive director of State Fair

Sep 2, 1:03 AM EDT

State Fair Park still showing deficit

WEST ALLIS, Wis. (AP) -- A loss of \$2.5 million for the Milwaukee Mile race track was the biggest contributor to a \$1.7 million deficit for State Fair Park in the fiscal year that ended June 30, officials say.

Martin Greenberg, president of the State Fair Park Board, reported the results at a meeting Wednesday and told the board that immediate steps would be taken to increase sponsorship revenue and streamline operations.

He said later that options such as selling the rights to the car-racing track were not being considered.

"Our goal is to make this a success within the confines of State Fair Park. That is the only option under consideration at this time," he said.

The financial report said the State Fair Park cut its deficit to \$1.7 million from \$4.5 million the year before.

The reduction stemmed in large part from the smaller state assessment the park had to pay, down to \$179,700 last year from \$2.4 million in the previous fiscal year.

Every state agency is assessed some amount to help the state government control its overall deficit.

According to the report:

- The annual State Fair was the only moneymaker, with a profit of \$1.9 million that exceeded projections by \$800,000.

- The Milwaukee Mile hit its expense projections but fell short on revenue, both in ticket sales and sponsorships.

- The park also lost \$380,000 on its lease payments for the Pettit National Ice Center and \$547,800 in other non-fair operations. The previous fiscal year, the park lost \$516,000 in Pettit lease payments and \$1.7 million on non-fair operations.

No data was included for the financially troubled Wisconsin Exposition Center at State Fair Park, which is operated by a spinoff corporation and now provides no revenue for the park.

Greenberg said his plan for attacking the park's overall deficit includes eliminating staff redundancies, increasing the scrutiny of contracts, raising sponsorship revenue and having the state refinance the park's debt.

Greenberg appointed Chief Financial Officer Craig Barkelar as interim executive director of State Fair Park during the search for a replacement for Joe Chnelich, who left in August.

Park while it seeks a replacement for Joe Chernelich, who left in August.

It is Barkelar, who spent most of his 16 years with the state at the Legislative Audit Bureau, who will oversee Greenberg's turnaround plan.

One of the biggest decisions, Barkelar said, will be how to treat the Milwaukee Mile, which, though legally part of State Fair Park, has been allowed to operate as a separate entity.

Under the current system, Mile General Manager Mark Perrone - hired as a consultant at \$153,000 a year - oversees a staff of private employees who are paid through the Exposition Center, which then is reimbursed by State Fair Park.

"If we're really going to operate this ourselves, we're going to have to bring it in-house so we have more control over it," Barkelar said. "We're going to have to streamline their operations and management to bring it closer to the operations of the State Fair Park as a whole."

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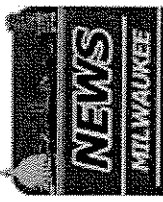
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State Fair Park Board scrambles to cut debt

Changes considered for Pettit, racetrack, police

By ANNYSJA JOHNSON
anjohanson@journalsentinel.com

Posted: Sept. 29, 2004

West Allis - Unable to restructure its massive debt, State Fair Park is looking to cut costs, unload the Pettit National Ice Center lease and reconsider its decision to operate the Milwaukee Mile in an effort to balance its budget, said Chairman Martin Greenberg.

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In a first step, the park's Board of Directors moved Wednesday to ask the state to assume the Pettit lease, which has contributed about \$300,000 a year to the fair park's deficits in recent years.

The move is one of several Greenberg said he is considering in an effort to turn

Quotable

“The debt service is beyond my control. I can't solve that, so I'm going to try to fix our internal

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state financing process, rising interest rates and restrictions on prepayments and the number of times bonds can be refinanced.

around the financially troubled park, which lost \$5.7 million over the last two fiscal years.

Others include laying off staff, hiring private security to replace the Capitol Police, seeking lower bids for municipal services now provided by the city of West Allis, selling state-owned food and beverage stands on the fairgrounds and revisiting the relationship with the Milwaukee Mile.

operations. >>

- *chairman Martin Greenberg*

In all, Greenberg estimated the measures could save the park about \$1 million a year.

"The debt service is beyond my control. I can't solve that, so I'm going to try to fix our internal operations," Greenberg said in an interview Tuesday.

State Fair Park, with assets of \$64 million, is carrying about \$35 million in debt in principal alone, Chief Financial Officer and interim Executive Director Craig Barkelar said Wednesday.

The debt was amassed in large part through an aggressive building campaign that added \$80 million in new construction between July 2000 and April 2004, according to the Legislative Audit Bureau.

More refinancing scuttled

State auditors have raised concerns about the park's ability to cover its debt service, saying annual payments are expected to top \$3.4 million through fiscal year 2012-'13.

Park officials had hoped to persuade the state to refinance the debt, effectively lowering payments by stretching them out over a longer period of time, but that isn't feasible because of the nature of the

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"Anything that's possible (on refinancing) has already been done," Barkelar said.

The Park Board spent nearly three hours in closed session Wednesday discussing, among other things, the Milwaukee Mile, which lost \$2.5 million in the fiscal year that ended June 30.

Greenberg said Tuesday that the board must consider changes that would insulate the fair park from future racing losses. Options include selling the Mile's assets, leasing the racing rights to a promoter, creating a non-profit corporation with fund-raising powers to run it and repositioning the track as a rental facility for local racing organizations.

The Park Board did not address the Wisconsin Exposition Center, which has struggled for bookings since opening in August 2002, even though it steered as much as \$2 million in exhibition business annually away from the fair park.

"It is a problem we are going to have to address in 2005," said Greenberg, who also chairs the Expo board.

Expo Center faltering

Greenberg said that the Expo Center is not meeting its income projections and could default as early as next year on \$38 million in industrial revenue bonds borrowed to build it.

The state has maintained that it has no intention of bailing out the exhibition hall, though the park board, a state agency, created the non-profit corporation formed to build and operate it.

That the park and the state might actually have some role was suggested in the comments of Tourism Secretary and Park Board member Jim Holperin.

In addressing whether to ask the state to take on the Pettit lease, Holperin questioned whether there might be other, more pressing needs, including "issuing bonds to take over Expo."

"If this is the only bullet in the gun," he said, "we need to decide if this is what we want to shoot."

In other news, the Park Board Wednesday voted to:

- Join the Expo Center and City of West Allis in seeking requests for proposals for a hotel on W. Greenfield Ave. to bolster the exhibition hall. Significant investment by the state and city would be needed for it to succeed, a consultant has said.
- Ask the Legislature for \$3.7 million in the 2005-'07 biennial budget for capital projects. Of that, \$1.5 million would be tax-supported and \$2.2 million would be repaid through park operations. The money would be used to fund several projects, including \$1.4 million in improvements to the Milwaukee Mile and \$305,000 to update the Tommy G. Thompson Youth Center and complete its fifth floor with the addition of laundry facilities, storage areas and eight studio units.

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