

☞ **03hr\_JC-Au\_Misc\_pt27d**



☞ Details: Documents related to the audit and potential sale of the Milwaukee Brewers Baseball Club

(FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

### 2003-04

(session year)

### Joint

(Assembly, Senate or Joint)

### Committee on Audit...

## COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

## INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

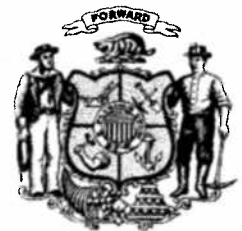
\* Contents organized for archiving by: Stefanie Rose (LRB) (September 2012)

Mike Feehan (414)254-1452—Called regarding Brewers contract. Do they have to be here for 30 years?

- The statutes [229.68 (8)(c)] provide that the lease agreement requires 30 years:  
“A majority of the members of the district board determines that the district's lease arrangement with the professional baseball team franchise that uses baseball park facilities constructed under this subchapter as its home facilities incorporates a term of at least 30 years.”
- Brewers cannot opt out of this contract



# WISCONSIN STATE LEGISLATURE





Contact: Senator Mary Panzer  
Phone: (608) 266-7513

FOR IMMEDIATE RELEASE  
January 16, 2004

## PANZER STATEMENT ON SALE OF MILWAUKEE BREWERS

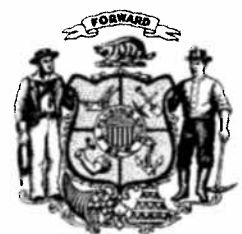
I was surprised today to learn that the Milwaukee Brewers Franchise has been put up for sale. When signing the lease for Miller Stadium, the Brewers signed a non-relocation agreement with the district. Under this agreement, the franchise cannot leave Milwaukee for the duration of the thirty-year lease.

Now more than ever the state auditor needs to be authorized to conduct a full review of the finances of the Brewers Baseball Club. Information on general and administrative expenses, details of business relationships and agreements, terms and conditions of debt, and ownership interests should be made available to the public.

# # #



# WISCONSIN STATE LEGISLATURE



# JON ERPENBACH

SENATE DEMOCRATIC LEADER

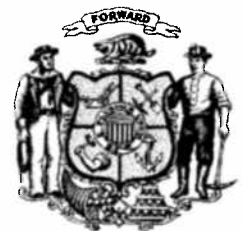
May 6, 2004

Statement of Senator Jon Erpenbach on the Milwaukee Brewers Audit  
608-266-6670

Taxpayers in the five county district are directly paying back loans from MMAC to the Brewers, this is not acceptable. We need to halt the tax immediately. We have had the opportunity this session to sunset the tax and hopefully this will be the incentive for action right away. There is no statutory end to the five county tax. The audit demonstrates the dire straights the Milwaukee Brewers are in. A declining revenue base coupled with skyrocketing salaries, consulting fees and an extreme benefit for some officials has made the situation worse. We appreciate the Brewers opening their books, but the taxpayers in the southeastern Wisconsin cannot afford to finance this team.



# WISCONSIN STATE LEGISLATURE



## **BREWER AUDIT REINFORCES NEED FOR TEAM SALE**

**FOR IMMEDIATE RELEASE  
MAY 6, 2004**

**CONTACT: SPEAKER GARD  
608-266-2402**

**MADISON...**A review of the Milwaukee Brewer baseball club by the non-partisan Legislative Audit Bureau paints a picture of a well-intentioned organization unable to make ends meet in the modern professional baseball marketplace.

Assembly Speaker John Gard (R-Peshtigo) along with Senate Majority Leader Mary Panzer (R-West Bend) requested the review. Gard said that the level of debt the team has been carrying and the inability of new stadium revenue to translate into increased financial stability for the club highlighted the need for new ownership in Milwaukee.

"This audit shows that the problems facing the Brewers today are not the result of bad intentions or neglect but rather the harsh byproducts of a changed marketplace reality in major league baseball today," said Gard. "This review makes it clear that if the Brewers are going to be competitive and viable for the long-term new ownership with increased access to capital is essential."

According to the audit, the Brewers face significant financial challenges.

*"Our review of the Brewers' financial statements and information provided by Major League Baseball indicates that the club has faced significant financial challenge,"* wrote State auditor Janice Mueller. *"The Brewers' operating expenses increased from \$80 million in 2000 to \$103.8 million in 2003, or 29.7 percent. However a 2.1 percent reduction in spending between 2002 and 2003 raises concerns about the club's ability to compete in the future if additional reductions are made, particularly to player compensation. Further, the Brewers have borrowed heavily: the financial statements indicate \$133.2 million in outstanding debt at the end of 2003."*

The review also found no evidence of impropriety on the part of the Brewers' ownership group.

*"We found no evidence to indicate that club resources had been used during our review period to purchase ownership shares with the intention of benefiting continuing club owners,"* wrote Mueller. *"In addition, although owner Alan (Bud) Selig, his daughter, and her husband were employed in executive positions with the Brewers for all or part of the past ten years, these individuals' combined annual compensation was never more than \$735,500. This is less than amounts previously reported by the media."*

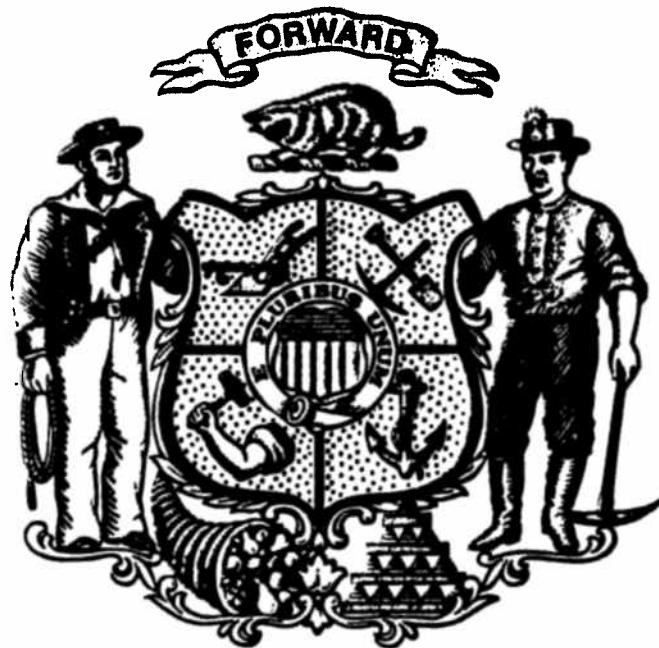
(more)



“The Selig family deserves great credit and thanks for bringing baseball to Milwaukee and keeping it here for so many years,” said Gard. “Unfortunately the kind of ownership size, structure and resources that worked for decades is a horse and buggy relic in today’s turbocharged baseball marketplace. The audit makes it pretty clear that the status quo is not an attractive option in Milwaukee and we need to do what we can to help facilitate the sale of the team.”

“I want to thank the Legislative Audit Bureau for their outstanding work giving a clear picture of the Brewers’ financial situation as a team,” said Gard. “I’ve said all along that my ultimate goal is making sure we have competitive major league baseball in Milwaukee. I think this review gives us some important direction on how that goal can be reached.”

###



**Stateline.org***Politics & policy news, state by state*

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MONDAY, MARCH 29, 2004

## Pro baseball franchise hit with unusual state audit

*By Bryan O'Keefe, Staff Assistant, Stateline.org*

More than three dozen new professional sports stadiums and arenas opened in the United States in the last decade, many of them built with taxpayer money. Some taxpayers and the people who represent them seem satisfied with the bargain, but others are beginning to ask why some of the teams that benefited have provided so little to cheer about.

Wisconsin's major league baseball team, the Milwaukee Brewers, is a case in point. After a contentious debate, the state Legislature raised \$400 million through a sales surtax in the Milwaukee area to help build the Brewers a new stadium, Miller Park. State Senator George Petak (R), who cast the tie-breaking vote in favor of the tax, paid for his action politically, becoming the only state legislator in Wisconsin history recalled by the voters.

In return for the state assistance, the Brewers and their owner, Bud Selig, promised that the new stadium would improve the team's on-the-field performance.

"It was an absolutely clear part of the bargain. They said we need this money to take us back to the World Series and be competitive again," said State Rep. Bob Ziegelbauer (D), who eventually voted against the plan.

But three years after its opening, the promise has not been fulfilled. The Brewers have a combined record of 192 wins and 294 losses, and have remained in the cellar of their division.

Adding insult to injury, during the current off-season, they traded the team's most popular player, first baseman Richie Sexson, and slashed payroll by 25 percent. The moves led to the resignation of team president Ulice Payne and prompted a public outcry over whether the Brewers were committed to winning.

Under enormous pressure, the Brewers reluctantly agreed in January to a public audit.

The unusual examination of the team's books will be performed by the Wisconsin Legislative Audit Bureau. "Auditing a sports team is not something you hear about everyday. It's very rare," said Kinney Poynter, executive director of the National Association of State Auditors, Comptrollers and Treasurers.

Ziegelbauer, who helped trigger the examination, said it is important for legislators to discover whether the Brewers misled the public when they used taxpayer money for the stadium.

“This situation is all about accountability. There are questions that need to be answered when you are spending millions of dollars of taxpayers’ money,” Ziegelbauer said. “It’s important to see how the Brewers benefited. If you look at what’s happened since they moved into Miller Park, you start to wonder: are they even trying?”

The audit started in late January and will be completed by the end of April. But whether it actually will achieve anything remains to be seen.

For starters, the Brewers and the auditors agreed to several restrictions. Specific salaries and owners’ percentages will not be disclosed, for example. The Brewers also will not release itemized expenses and revenues but instead simply will report broad categories.

Furthermore, even if the auditors uncover fraud, the state will have no recourse against the Brewers. The Legislative Audit Bureau cannot legally penalize the team.

“We have absolutely no authority over a private business,” said Wisconsin State Auditor Janice Mueller.

Ziegelbauer said he still thinks that the Brewers have to be held accountable in some way for their promises and guarantees. “It’s a controlled audit, and they are trying to steer clear of any embarrassment. But they really have a moral and ethical obligation here to answer how they spent this money,” he said.

For their part, the Brewers seem eager to answer all questions. Noting that they voluntarily consented to the audit, the Brewers’ ownership claims that the audit will clear them once and for all.

“We have nothing to hide,” said Bob Quinn, the Brewers’ senior vice-president and chief financial officer. “There is a big difference between lying and trying to do something but failing. Nobody can question the Brewers’ commitment to baseball or their integrity.”

Publicly auditing a sports team also has been talked about in at least one other city with a new taxpayer-funded stadium. The Pittsburgh Pirates built PNC Park with more than \$300 million in public money. Pirates owner Kevin McClatchy said the new stadium would improve the team’s finances and the on-the-field product.

But like the Brewers, the Pirates remain one of the worst teams in professional baseball and have slashed payrolls and traded away star players since moving into their new stadium.

Prominent Pittsburgh sports commentator Bob Pompeani has called for an audit, saying that questions surround how McClatchy spent the extra stadium revenue.

“The taxpayers came to the plate, and they deserve to know how revenue that the stadium generated was spent,” Pompeani said. “I just want to see it for myself. For me, the numbers just don’t add up.”

Pirates Vice-President for Communications Patti Paytas said that McClatchy stands by earlier refusals to open up his books for public inspection.

Dr. Mark Rosentraub, author of the book “Major League Losers: The Real Costs of Sports and Who’s Paying for It,” said the lesson from the Brewers and the Pirates is clear: states and cities should beware of what they’re getting into when they agree to finance stadiums.

“In Wisconsin, it was quite clearly a betrayal....It’s a little hard to reconcile what’s happened in the new facility with the remarks they made at the time,” Rosentraub said. “There are a lot of twists when cities and states enter sports. Politicians must be careful about understanding the owners and their claims.”

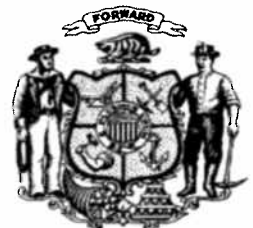
*Send your comments on this story to [letters@stateline.org](mailto:letters@stateline.org). Selected reader feedback will be posted in the Letters to the editor section.*

Contact Bryan O’Keefe at [bokeefe@stateline.org](mailto:bokeefe@stateline.org)

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# WISCONSIN STATE LEGISLATURE



FOR IMMEDIATE RELEASE

September 29, 2004

**ELLIS: BREWERS OWE STATE TAXPAYERS \$84.5 MILLION REBATE**

State taxpayers contributed to the book value of the Milwaukee Brewers, so they are entitled to a share of the proceeds from the sale of the team, state Senator Michael G. Ellis said today.

“The taxpayers built Miller Park with virtually no cash from the Brewers,” said Ellis. “The new stadium is entirely responsible for the selling price of the team, so the taxpayers deserve their share of the proceeds.”

The stadium cost \$483 million, Ellis noted. When associated costs such as infrastructure improvements and interest on the bonds is included, costs will approach \$1 billion with at least \$650 million -- 65% -- of that coming from the taxpayers' pockets, said Ellis.

“There are two things that make up the value of a baseball franchise -- the quality of the ballclub and the playground it plays in,” Ellis said.

“Since 1995, the book value of the ballclub rose from about \$70 million to its reported sales price today of \$200 million. I can assure you, Mark Attanasio is not paying \$200 million for a team that's batting .247. He's not paying \$200 million for a team that could well lose more than 100 games for the second season in a row,” said Ellis.

“One has to wonder if the Brewers used its infusion of public cash and revenue sharing simply to buy down its own debt and enhance their profits. They certainly didn't expend any resources to put a better team on the field,” Ellis said.

“It's the new stadium that is responsible for the \$130 million increase in value of the team. Since taxpayers, conservatively, will contribute 65 percent of the costs of the stadium, they deserve 65 percent of the profits -- \$84.5 million.

(more)

“The fact is, Bud Selig and his family didn’t invest a dime of their own resources for their share of the stadium costs, and they haven’t used their new revenues to improve the team,” said Ellis. “Even if they repay the taxpayers their fair share, they will still be walking away with a cool \$45.5 million in profit after having contributed nothing to increase the value of the team,” said Ellis.

Ellis said he will be meeting soon with state Representative Bob Ziegelbauer, another long-time foe of public financing of Miller Park to explore options that would ensure the public gets its fair share of the proceeds of the team’s sale.





Original URL: <http://www.jsonline.com/sports/brew/nov03/187382.asp>

## Brewers' books reveal struggles

### Financial reports show club's spending on payroll didn't pay off

By **DON WALKER**  
[dwalker@journalsentinel.com](mailto:dwalker@journalsentinel.com)

*Last Updated: Nov. 22, 2003*

Miller Park was supposed to give the Milwaukee Brewers what they needed most: more revenue to field a team that could compete against other National League squads.

In 2001, the first year the park opened, that's what happened. Along with 2.81 million fans, nearly \$110 million in operating revenue came pouring in, enough to ramp up player payroll, enough to address the huge debt the team was carrying and enough to start beefing up the franchise's minor-league operations.

The team even reported a profit of \$6.7 million in 2001, despite another losing season.

But in 2002, attendance dipped to 1.97 million, the business went south and team owners were called upon to make a capital contribution of \$11.7 million, according to Brewers' financial reports from 1998-2002 that were obtained independently by the Journal Sentinel and reviewed by sources knowledgeable about baseball finances.

In 2003, attendance was down again, to 1.7 million, and the team opened the season with a drastically lower payroll of \$40.6 million to meet expected financial losses. Next year, the payroll will be lower, perhaps as little as \$30 million.

The reports are a rare peek into the team's finances, which include profit and loss statements, expenses and spending. The numbers present a picture of a team that increased spending on its baseball operations, including team payroll, but had little to show for it as the losses on the field piled up.

Historically, the Brewers, like most baseball teams, have not released details about their finances to the public. In a telephone interview Friday, Robert J. Quinn, the Brewers' chief financial officer, said the numbers the newspaper obtained appear to be accurate.

The reports show that, in 2002, the financial honeymoon at Miller Park was over. Attendance dropped 842,000, to 1.97 million fans. Home gate revenue - the sum of ticket sales, suite rentals, advertising, concessions and parking - dropped from \$77.3 million in 2001 to \$62.2 million in 2002, a decrease of more than \$15 million, the reports show.

Yet, the team remained committed to a higher payroll and more money for player development. The Brewers spent nearly \$76 million on payroll and other baseball expenses in 2002, an increase of \$3.6 million from the previous year.

On paper, the Brewers reported net income of more than \$30 million in 2002. But in reality the true number was an \$11 million loss, the reports show.

The reason for the paper gain: a complex financial deal with the Miller Park stadium district






#### Brewers/MLB



*Photo/Tom Lynn*

After lengthy negotiations, Ulice Payne Jr. and the Milwaukee Brewers finally reached an agreement last week over Payne's departure as the team's president and CEO.

#### Related Coverage

-  SportsDay: Not everyone views Payne as a hero
-  Olson: Brewers add to list of mistakes
-  Crossroads: Tax law can solve Brewers' woes
-  Crossroads: Remember the Braves? Let's support our team
-  Spring training: Schedule released

#### Quotable

**“ When I hear the comments that fans feel they were lied to and betrayed, there's a difference between lying, and trying and not**

that benefited the taxpayers but also helped the Brewers rid themselves of \$41.1 million in debt.

"It extinguished some of their debt, but it didn't put cash in their operations," said a baseball source who reviewed the records.

### Loss expected for 2003

In 2003, the team expects to report a loss, Quinn said. He did not disclose a specific number.

Next season, attendance is projected to drop as low as 1.4 million. The team's own forecasting suggests the team will have net income in 2004 of \$1.1 million, although Quinn cautioned it was only a projection put together months ago.

The savior, the team says, will be revenue sharing from other Major League Baseball teams.

Also unknown at this point is how the fans will react to the messy public divorce involving Ulice Payne Jr., the team's former president and chief executive officer. It was Payne who expressed public misgivings about plans to cut player payroll.

The public debate that Payne set off has put the Brewers on the defensive. With player payrolls headed downward, residents in the five-county area who are paying the 0.1% tax to pay for the stadium say the Brewers failed to live up to their promise to field a competitive team.

In Madison, legislative leaders are pushing the Brewers to be more forthcoming with their finances.

"When I hear the comments that fans feel they were lied to and betrayed, there's a difference between lying, and trying and not working," Quinn said. "The plan just didn't work."

### Small market difficulties

A source who has worked with baseball teams said the Brewers' financial situation was an illustration of how difficult it is to succeed in a small market such as Milwaukee.

"These guys are trying to defy gravity," said the baseball source.

The baseball source compared the Brewers to a small grocery store where profit margins are razor thin and every management decision is crucial to the bottom line.

"In a small store like that, every can of peas has a margin. If you don't have the right can of peas, you can't make money," the source said.

Another source with knowledge of the Brewers' finances who reviewed the numbers noted how quickly the revenue windfall ended at Miller Park. But it could have been worse, he said.

"Without that new stadium, they would have been in a world of hurt," the source said.

Andrew Zimbalist, an economics professor at Smith College in Massachusetts and a longtime critic of Major League Baseball, says a new stadium gives a team the chance to earn revenue. "A stadium is potential revenue and the potential revenue is not realized until you fill those seats," he said.

Quinn, who spent nine years with the San Francisco Giants before Payne brought him to the

**working. The plan just didn't work. ☹**

**- Robert J. Quinn,  
the Brewers' chief  
financial officer**

### Team Budget

Graphic/Enrique Rodriguez  
Brewers' finances


### Recent Coverage


- [Settlement: Payne buyout complete \(11/21/03\)](#)
- [Settlement: Brewers, Payne close in on deal \(11/20/03\)](#)
- [Final Stages: Payne saga drags on \(11/19/03\)](#)
- [Heat is on: Several parties pursue financial clarification \(11/18/03\)](#)
- [Fresh start: Brewers go in new direction \(11/17/03\)](#)
- [Letter: Melvin reaches out to fans \(11/16/03\)](#)
- [Runs, hits, errors: Payne's troubled tenure \(11/15/03\)](#)
- [Graphic: Miller Park Timeline \(11/15/03\)](#)
- [Brewers: Selig put millions into ballclub \(11/14/02\)](#)
- [Forum: Comments from readers \(11/14/03\)](#)
- [Batter up: Replacing Payne won't be easy \(11/14/02\)](#)
- [Salaries: Payroll at risk through '06 \(11/13/02\)](#)
- [Full access: Legislators want to audit team \(11/12/03\)](#)
- [Payne's future: President appears to be out \(11/11/03\)](#)
- [Editorial: You get what you pay for \(11/11/03\)](#)
- [Future: Some say team's payroll trims could last years \(11/10/03\)](#)
- [Hofmann: Payroll deduction won't cut it](#)

Brewers, agreed that a team budget is only as good as the attendance and the revenue it provides.

"We can't ignore that attendance went from 2.8 million to 1.9 million and then 1.7 million in 2003," he said. "To me when you build a budget there's no Step 1, Step 2 and Step 3. Everything works together. Your top line is what drives what you will spend."

(11/9/02)

 GM: Melvin staying positive (11/9/02)

 Payroll: Cuts may imperil Brewers on field, Payne says (11/8/03)

The financial records also show:

- The franchise spent increasing amounts of money on its baseball operations, rising from \$52.4 million in 1998 to \$75.9 million in 2002. With the exception of 2000, when player payroll dipped to \$42.6 million, team payroll, the largest part of baseball operations, jumped from \$39.5 million in 1998 to \$52.7 million in 2002. It dropped drastically to \$40.6 million in 2003, and even lower as the season progressed.
- Revenue sharing from Major League Baseball has increased. In 1999, the team received \$8.1 million in revenue from baseball. By 2002, the team got \$9.1 million. The Brewers received \$15 million in revenue sharing this past season, a direct result of the game's new collective-bargaining agreement with its players. According to the Brewers' own forecasts, the team expects to receive \$20.7 million in 2004 and \$22.5 million in 2005, although the final figures will be dependent on the revenue other clubs produce.

National broadcasting revenue is expected to rise as well, increasing from \$21 million in 2003 to \$26.8 million in 2006.

- Investments in player contracts rose from \$10.1 million at the end of 1998 to \$17.2 million at the end of 2002, "reflecting principally the rising signing bonuses of the top minor-league draft picks," the financial records say.
- Team debt remains a concern. The reports say total indebtedness rose from \$68.3 million at the end of December 1998 to a peak of \$171.3 million at the end of December 2001, an increase the team said was slightly higher than the investment in fixed assets. Quinn said Friday that the team's debt is now "around \$110 million."

Quinn also noted the support of team owners who he said had contributed as much as \$44 million over the past five or six years. Some of that money - an estimated \$13.2 million - came from baseball Commissioner Bud Selig.

- In 2002, the team reported on its books what it called "extraordinary gain on debt extinguishment" totaling \$41.1 million. The accounting allowed the Brewers to show net income at \$30.3 million, but actually a loss of nearly \$11 million.

The situation came about when the Miller Park stadium district board struck a deal in September 2002. At the time, the Brewers owed the district \$36 million. The district forgave the debt, which likely included accrued interest adding up to \$41.1 million. At the same time, the district was able to start ending its annual maintenance and repair payments to the Brewers.

It was win-win. The district was able to reduce its maintenance and ultimately eliminate payments to the Brewers over the life of the 30-year lease, saving millions, and the Brewers were able to take debt off their books. "The \$41 million extinguishment in debt was a quote-unquote paper gain. But if you take that out of the equation, you have a loss of \$11 million," Quinn said.

- In the year 2000, the Brewers reported net income of \$2 million. However, the Brewers stayed in the black largely because of a one-time insurance payment of \$20.4 million. That was money given to the Brewers to cover losses from the July 1999 crane accident on the Miller Park construction site that killed three ironworkers. The Brewers recovered an additional \$1.8 million in 2001.
- As with the other baseball teams, the Brewers had to pay out \$4.1 million in 2002 and an undetermined sum in 2003 to support the Montreal Expos. Major League Baseball owns and operates the troubled franchise, and each team must contribute to keep it going.

As the Brewers try to put the Payne matter behind them and plan for the years ahead, Quinn said he did not want to fall back on the excuse that the Brewers play in a small market and against the likes of Chicago, Houston and St. Louis.

"I don't buy into the argument that our numbers reflect the smallness of the market," Quinn said. "Are we in a small market?"

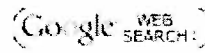
Yes. But do we have the fans who have shown they will support the team? Absolutely.

"We can turn the corner. We will see fan support for the club."

From the Nov. 23, 2003 editions of the Milwaukee Journal Sentinel



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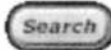


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TEAM BUDGET

**MILWAUKEE BREWERS FINANCES**

IN MILLIONS

	1998	1999	2000	2001	2002
<b>OPERATING REVENUE*</b>					
Home gate revenue	\$30.89	\$31.00	\$34.00	\$77.30	\$62.20
National broadcasting revenue	15.90	17.56	17.84	18.62	22.32
Local broadcasting	5.69	4.10	5.21	5.87	6.37
Shared revenue from MLB	8.10	9.19	6.44	1.54	9.10
<b>TOTAL OPERATING REVENUE</b>	<b>\$73.37</b>	<b>\$65.43</b>	<b>\$68.00</b>	<b>\$109.90</b>	<b>\$104.40</b>
<b>OPERATING EXPENSES*</b>					
Team Payroll	39.45	48.43	42.60	50.62	52.72
Other baseball expenses	12.96	14.25	18.71	21.69	23.23
<b>TOTAL OPERATING EXPENSES</b>	<b>\$69.41</b>	<b>\$81.14</b>	<b>\$80.03</b>	<b>\$98.23</b>	<b>\$105.96</b>
Capital contributed by partners	10.00	10.00	0	0	11.72
Debt (Notes payable)	61.50	81.50	101.50	117.60	115.40
Non-recourse notes	0	51.69	54.32	50.69	10.62
<b>NET (LOSS) / INCOME</b>	<b>(\$2.16)</b>	<b>(\$22.34)</b>	<b>\$2.01</b>	<b>\$6.67</b>	<b>\$30.38</b>

\* Totals do not add up because of miscellaneous revenue and expenses

Source: Journal Sentinel

ENRIQUE RODRIGUEZ/erodriguez@journalsentinel.com

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# WISCONSIN STATE LEGISLATURE



**Matthews, Pam**

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x

**MEMORANDUM**

**TO:** Rep. John Grad, Sen. Mary Panzer, Rep. Jim Kreuser, Sen. Jon Erpenbach, Southeast Wisconsin Professional Baseball Park District Legislators, and members of the Wisconsin Assembly and Senate

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**FROM:** Nate Elias, Director of Governmental Affairs, MMAC

**RE:** MMAC Audit of the Milwaukee Brewers

**DATE:** December 4, 2003

As you probably read in today's Milwaukee Journal Sentinel, MMAC will over the next 90 days be conducting an audit of the Milwaukee Brewers' finances. Attached, please find the press release regarding this.

This Special Task Force, being created under the leadership Curt Culver of MGIC, Jim Keyes of Johnson Controls and Bob O'Toole of A.O. Smith, will examine the sources and uses of funds by the Milwaukee Brewers, under the following conditions:

1. Review the sources and uses of Brewers' funds from 1994-2003.
2. Analyze financial condition of the Brewers relative to other small-market clubs.
3. Utilize independent sources to help verify and interpret information.
4. Report out facts, not opinions.

The audit is intended to provide a third-party review of the facts surrounding this issue, and respond to questions raised by the Legislature regarding the use of public funds to build Miller Park. The Task Force will review the questions raised by legislators, the media and the public and will then provide the necessary analysis of the Club's financial matters, including its total funding sources — operating revenue, bank indebtedness and partners capital — and its spending.

As one of the goals of this process is to address issues being raised by the Legislature, we hope you will be active participants in this process by letting us know specifically what issues you feel are important and need to be explored during this 90 day process. Please to not hesitate to call or e-mail me or Tim

12/09/2003



Sheehy, or grab either one of us as we are "making the rounds" in the Capitol.

Thank you very much and we are looking forward to your input.

Nate Elias – (414) 287-4138 or [nelias@mmac.org](mailto:nelias@mmac.org)

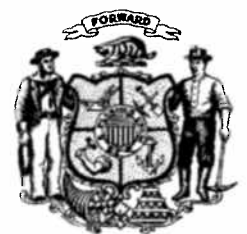
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**NATHAN D. ELIAS**

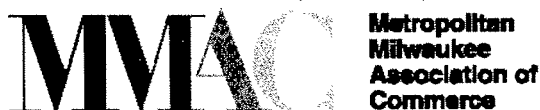
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# WISCONSIN STATE LEGISLATURE



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*Council of Small Business Executives*

NEWS RELEASE – EMBARGOED UNTIL DECEMBER 4, 2003

For more information, contact:

Tim Sheehy, MMAC President, @ (414) 287-4100 or

Carl Mueller, Brewers Spokesperson, @ (414) 390-5500

## **MMAC Task Force to Review Brewers’ Sources and Uses of Funds**

*Third-party group will have access to information,  
plans to issue report to community in 90 days*

Milwaukee...The Greater Milwaukee community made an investment of public dollars in Miller Park in support of keeping Major League Baseball — a significant community asset — in the city. Recent events have raised questions about the investment being made to keep the team competitive, its debt load, and the use of funds generated from Miller Park.

“In short, real damage can be done to the prospects of baseball, as well as other professional sports in Milwaukee in this environment of controversy,” said Tim Sheehy, Metropolitan Milwaukee Association of Commerce (MMAC) president. “The MMAC, through its season ticket commitment and its \$14 million loan for stadium financing, has a fiduciary responsibility to its members to follow this investment.”

Sheehy announced the Association is creating a Special Task Force of business community leaders to review the sources and uses of funds by the Milwaukee Brewers Baseball Club (MBBC) from 1994 through 2003. The Task Force will be led by Curt Culver, president and CEO of MGIC Investment Corp.; Jim Keyes, chairman of Johnson Controls; and Bob O’Toole, chairman and CEO of A.O. Smith Corp. MMAC will also work with other independent sources to understand and verify the information provided.

“We want to ensure that public officials, the business community and our fans fully and accurately understand these financial issues and we believe having this review done independently and by a group with tremendous financial experience and expertise will provide a clear and accurate view of the ballclub’s finances and continued commitment to preserving Major League Baseball in Wisconsin,” said Wendy Selig-Prieb, Brewers Chairman of the Board. In addition, the Brewers have authorized KPMG LLP, the independent auditor of the Brewers, to cooperate with the MMAC.

The Task Force will consider the questions raised by legislators, the media and the public. It will then provide the necessary analysis of the Club’s financial matters, including its total funding sources — operating revenue, bank indebtedness and partners capital — and its spending. A report is expected to be issued in 90 days.

“The MMAC believes the process will provide for a constructive, professional, thorough and timely response to legitimate public concerns or questions relative to the Brewers’ finances,” said Sheehy.