



## Legislative Fiscal Bureau

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August 18, 2015

TO: Members  
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Summary of 2015 Wisconsin Act 60: Milwaukee Sports Arena

2015 Senate Bill 209 relating to constructing a sports and entertainment arena and related facilities was introduced by, and referred to, the Joint Committee on Finance on July 6, 2015.

On July 15, the bill was withdrawn from the Finance Committee and taken up by the State Senate. The Senate adopted Senate Amendments 1 and 2 to the bill and passed the bill, as amended, by a vote of 21 to 10. On July 28, the State Assembly concurred in SB 209, as passed by the Senate, on a vote of 52-34.

The bill was presented to the Governor on August 6 and signed into law on August 12 as 2015 Wisconsin Act 60. Act 60 was published on August 13 and became generally effective on August 14, 2015.

This document summarizes the provisions of 2015 Wisconsin Act 60.

### **Summary of Public Funding for the Facility**

*Sports and Entertainment Facilities Project Public Funding.* Expand the authority of the Wisconsin Center District (WCD) to allow the District to issue up to \$203 million in bonds to assist in the construction of a sports and entertainment arena and sports and entertainment arena facilities in downtown Milwaukee. In addition, before any state funding could be provided to WCD for the project, the Secretary of the Department of Administration (DOA) would have to determine that the City of Milwaukee has provided at least \$47 million and the Wisconsin Center District has issued debt for the development and construction of a sports and entertainment arena facility. The proposal also anticipates that the City will finance the construction of a \$35 million parking structure and \$12 million in bonds for a tax incremental financing (TIF) District development near the facilities.

WCD would provide \$203 million in bond proceeds for the project. However, in order to do this, it is anticipated that WCD would receive more than \$203 million in bond proceeds, as allowed under the Act, for the following amounts: (a) amounts to pay issuance or administrative expenses; (b) to make deposits to reserve funds; (c) to pay accrued or funded interest; and (d) to pay the costs of credit enhancement. The accrued or funded interest would include any potential capitalization of interest associated with zero coupon bonds that are expected to be issued by WCD. It is likely that WCD would have to issue zero coupon bonds because its current tax revenues are needed to retire the District's existing bonds, and thus, would not be fully available to pay debt service on any new bonds until that current debt is retired.

WCD would use the following revenues to fund the debt service on the bonds they would issue for the project: (a) \$55 million in bonding would be supported by a \$4 million annual general purpose revenue (GPR) appropriation from the state to make grants to the District, which would sunset in 2035-36 and would be limited to \$80 million; (b) \$55 million in bonding would be supported by a separate \$4 million annual GPR appropriation from the state to make grants to the District which would sunset in 2035-36 and would be offset by a \$4 million GPR, annual reduction in the county and municipal aid payment to Milwaukee County; and (c) \$93 million in bonding would be financed by indefinitely extending the existing WCD taxes, which would otherwise end after the District's current debt is retired, which is scheduled to occur in 2032.

The Act also specifies that the WCD Board require the sponsor of an event held at a sports and entertainment arena to impose a surcharge on each ticket that is sold to the event equal to \$2 on each ticket sold. Estimated revenues from the surcharge would be \$2 million annually in the first year after the arena construction is complete and events begin to be held. The WCD Board is required to remit 25% of the surcharge revenues to DOA for deposit in the general fund and the District would retain the remainder of the surcharge revenues, which the Board could use to offset the District's cost for the arena facilities. It is estimated that GPR revenues to the state would increase by approximately \$500,000 annually to reflect the deposit of these funds to the general fund, which would offset state's cost for the arena facilities.

The following table lists the principal and estimated interest costs associated with the debt to be issued by the Wisconsin Center District for the sports and entertainment arena facilities in Milwaukee. Milwaukee County staff provided the cost estimate indicated in the table for the debt to be retired using the existing WCD taxes. The state appropriation to WCD, as well as the state appropriation to be offset by a \$4.0 million GPR county and municipal aid reduction to Milwaukee County, would each support \$55 million in principal, assuming a 3.87% rate and a uniform, 20-year repayment schedule. Although not shown in the table, the revenues from WCD's ticket surcharge will offset a portion of WCD's and the state's costs for the arena.

**Arena Public Financing -- Proposed WCD Debt\***

	Funds to Cover WCD Costs		
	<u>Principal</u>	<u>Interest**</u>	<u>Total</u>
State Appropriation	\$55,000,000	\$25,000,000	\$80,000,000
State Appropriation - County Aid Reduction	55,000,000	25,000,000	80,000,000
Wisconsin Center District Taxes	<u>93,000,000</u>	<u>124,250,000</u>	<u>217,250,000</u>
 Total	 \$203,000,000	 \$174,250,000	 \$377,250,000

\* Does not include City of Milwaukee debt for TIF District or parking facilities.

\*\* Incudes estimated capitalization of interest associated with WCD issuing zero coupon bonds, which could be lower if WCD's revenues from a \$2 per event ticket surcharge are used to retire debt sooner. Also, doesn't reflect state recipient 25% of WCDs ticket surcharge revenues.

*State Funding for the Existing Bradley Center.* In addition to the state contribution to WCD for the proposed sports and entertainment arena facilities, the state would also provide \$10 million GPR in 2016-17 to assist the Bradley Center Sports and Entertainment Corporation in retiring its obligations and any contractual liabilities. Also, on August 12, 2015, the Building Commission approved the release of up to \$10 million of general fund supported bonding for maintenance and repair projects at the Bradley Center over the next two years.

**Summary of 2015 Act 60 ("Act")**

Act 60 makes references to a sponsoring municipality when referring to the City of Milwaukee and to a county with a population over 750,000 that contains a first class city or as the most populous county in which the sponsoring city is located when referring to Milwaukee County. For the purposes of this memorandum, the City of Milwaukee and Milwaukee County will be used when these references are used under the Act to specifically refer to the City and County.

**Changes to State and Local Authority**

*State Appropriations.* Create four new state appropriations as follows:

a. Two separate, GPR sum certain appropriations and provide \$4.0 million GPR in each appropriation in 2016-17 to make payments to WCD to assist in the development and construction of the District's sports and entertainment home arena facilities. One of the appropriations is related to the \$4.0 million annual GPR, county and municipal aid reduction to Milwaukee County, although it would not be statutorily tied to those provisions. Specify that both appropriations would be repealed on June 30, 2036. Require that the appropriation that is not related to the Milwaukee County aid payment reduction provisions under the Act be limited to a cumulative total of \$80.0 million.

b. A biennial appropriation funded at \$10.0 million GPR in 2016-17 for the payment of grants to the Bradley Center Sports and Entertainment Corporation. Specify that the appropriation would be repealed on June 30, 2017.

*DOA Authority.* Require DOA Secretary to annually remit payments from the two separate GPR appropriations created under the Act to WCD to assist in the development and construction of the District's sports and entertainment arena facilities. Provide that the Secretary may not remit more than a cumulative total of \$80,000,000 from one of the appropriations (the payments by DOA to WCD). The other GPR appropriation would not have a limit. Specify that the Secretary may not remit any payment to the District until he or she has determined that the City of Milwaukee has provided at least \$47,000,000 to assist WCD in the development and construction of sports and entertainment arena facilities and the District has issued debt to fund the development and construction the facilities. Repeal these provisions on June 30, 2036.

During the 2015-17 biennium, provide the DOA Secretary the authority to make one or more grants to the Bradley Center Sports and Entertainment Corporation for the purpose of assisting the Corporation in retiring its obligations and other financial liabilities. Repeal these provisions on June 30, 2017.

Authorize DOA the authority to provide financial consulting services to the WCD Board.

*Legislative Findings.* Specify that the Legislature determines that sports and entertainment arena facilities of a local exposition district encourage economic development and tourism in this state, reduce unemployment in this state, preserve business activities within this state, and bring needed capital into this state for the benefit and welfare of people throughout the state. Provide that it is therefore in the public interest and will serve a public purpose, and it is the public policy of this state, to assist a local exposition district in the development and construction of sports and entertainment arena facilities.

*Milwaukee County - County and Municipal Aid Reduction.* Specify that beginning with the distributions in 2016, and ending with distributions made in 2035, the annual county and municipal aid payment to a county in which a sports and entertainment arena is located would be the amount, as otherwise determined under current law for that county, minus \$4,000,000. Reduce the sum sufficient county and municipal aid appropriation by \$4,000,000 in 2016-17 to reflect this aid reduction.

*Tax Incremental Financing (TIF) District Modifications.* For a first class city, make the following modifications to the statutes governing TIF districts:

a. Specify that expenditures made, or estimated to be made, or monetary obligations incurred, or estimated to be incurred, by a first class city to fund parking facilities ancillary to, and within one mile from, public entertainment facilities, including a sports and entertainment arena, would be considered to benefit any TIF district located in whole, or in part, within a one-mile radius of such parking facilities and could be included as project costs;

b. Specify that a grant, loan, or appropriation of funds to assist a local exposition district in the development and construction of sports and entertainment arena facilities would be eligible project costs provided that the city and the local exposition district enter into a development agreement;

c. Allow for payments of projects costs to be made from the proceeds of revenue

bonds issued by a redevelopment authority in concert with the city pursuant to an intergovernmental cooperation agreement; and

d. Specify that if a first class city creates a TIF district, and approves a project plan after July 1, 2015, that includes as project costs a grant or loan to a local exposition district for the development and construction of sports and entertainment arena facilities, the current law requirement that the equalized value of the proposed district plus the value increment of all existing districts within the city does not exceed 12% of the total equalized value of property within the city would not apply to that district.

*Tax Exemptions.* Expand the current law property tax exemption for WCD so that the exemption includes sports and entertainment arena facilities, except that any portion of the sports and entertainment arena facilities, excluding the outdoor plaza area, that is used, leased, or subleased for use as a restaurant or for any use requiring a license for the retail sale of alcoholic beverages and is regularly open to the general public at times when the sports and entertainment arena is not being used for events that involve the arena floor and seating bowl would not be exempt.

Create an income tax exemption for interest received on bonds or notes issued by the City of Milwaukee to assist WCD.

Specify that the sales tax exemption related to materials and services used in the development and construction of the sports and entertainment arena would refer to the sales price from the sale of building materials, supplies, and equipment and the sale of services described under current law and the storage, use, or other consumption of the same property and services used by owners, contractors, subcontractors, or builders if that property or service is acquired solely for or used solely in, the construction or development of sports and entertainment arena facilities. Allow that the exemption would only apply for one year after the DOA Secretary certifies that the development and construction of the District's sports and entertainment arena is completed.

*Board of Commissioner of Public Lands (BCPL).* Modify BCPL's investment requirements to delete the specific types of fixed income, debt instrument, investments that the Board could invest moneys belonging to the trust funds in and modify various statutory references related to the deletion of the specific investment types. Rather, require the Board to manage and invest moneys belonging to the trust funds in good faith and with the care an ordinary prudent person in a like position would exercise under similar circumstances, and in accordance with existing statutory requirements for the standard and conduct for management of an institutional fund (BCPL would be allowed to invest in a broader variety of investment types than under current law, such as stocks, as long as those investments are prudent).

Include in the definition of a revenue obligation trust fund loan, a loan that is made to WCD for the purpose of financing the acquisition, construction and equipment costs for sports and entertainment arena facilities and is secured by District revenues. Authorize the Board to make a revenue obligation trust fund loan using moneys belonging to the trust funds to WCD for these purposes.

Require that an application for a loan by WCD be accompanied by a certified copy of the District Board resolution approving the loan. Extend the current law requirement for certificates of indebtedness to a loan for the District and specify that if the District Board approves the loan application, the certificate of indebtedness must be signed by the Board's chairperson.

Specify that all of the following would apply to all outstanding trust fund loans to WCD:

- a. BCPL would be required to transmit to the District Board a certified statement of the amount due on, or before, October 1 of each year, until the loan is paid, and BCPL would have to furnish a copy of each certified statement to DOA;
- b. The District Board would be required to remit to BCPL, on its own order, the full amount due for state trust fund loans within 15 days after March 15; and
- c. Any payment not made by March 30 would be delinquent and subject to a penalty of 1% per month, or fraction thereof, to be paid to BCPL with the delinquent payment.

### **Changes to Wisconsin Center District Authority**

*Delete Existing Sunset of Local Exposition Center Taxes.* Delete the current law sunset of the WCD's food and beverage taxes, except as described below for certain grocer retailers, and vehicle rental tax, and local room taxes of a sponsoring municipality provided to WCD. WCD's taxes are currently imposed within its jurisdiction, which includes municipalities wholly or partially contained in Milwaukee County. Under current law, these taxes are scheduled to sunset when all bonds issued by WCD during the first 60 months after April 26, 1994, and any bonds issued to fund or refund those bonds, are retired. These taxes are expected to sunset in 2032, when the bonds are currently expected to be paid off. The Act would extend the taxes indefinitely.

Specify that when the WCD's existing debt, including refunding debt, related to the District's existing exposition center facilities is retired, the District's current food and beverage tax for retailers under North American Industry Classification System (NAICS) sector 44-45, subsector 445 (food and beverage stores, primarily groceries) would be eliminated. Require the District to notify DOR in the manner prescribed by the Department when such bonds and debt are retired. Specify that taxes related to these retailers shall first be used only for the District's debt service on its bond obligations and after such obligations are retired, the District may use the taxes for any lawful purpose. Allow that the District Board, by a majority vote of its members, may reimpose the taxes on retailers engaged in a retail trade under NAICS sector 44-45, subsector 445.

State statutes impose a maximum limit on the tax rates on the three taxes that WCD can impose as follows: (a) a 0.25% (0.50% with a majority vote of the Board) Districtwide sales tax on certain food and beverage sales; (b) a 3% (4% with a majority vote of the Board) Districtwide sales tax on the rental of passenger cars without drivers; and (c) a basic room tax of up to 3% of total Districtwide room charges. In addition, if the sponsoring municipality is a city of the first class, the city may dedicate its existing room tax to the District.

The WCD taxes were first effective on January 1, 1995. The District Board increased the

basic room tax from 2.0% to 2.5% on January 1, 2011, and the food and beverage tax from 0.25% to 0.5% on July 1, 2010. The following table shows the tax rate and the amount of revenue collected for each of the taxes imposed by the WCD for calendar year 2014. As shown, the City of Milwaukee room tax dedicated to the District equals 7% of total room charges.

**Wisconsin Center District Collections**

	<u>2014 Tax Rate</u>	<u>2014 Revenues</u>
Basic Room Tax	2.5%	\$5,415,500
City of Milwaukee Room Tax	7.0	11,827,400
Food and Beverage Tax	0.5	9,568,800
Car Rental Tax	3.0	<u>2,487,800</u>
 Total		 \$29,299,500

*Event Ticket Surcharge.* Specify that the WCD Board require the sponsor of an event held at a sports and entertainment arena to impose a surcharge on each ticket that is sold to the event equal to \$2 on each ticket sold. Specify that the event sponsor forward to the District Board any surcharges collected. Require the Board to remit 25% of the surcharge revenues to DOA for deposit in the general fund and the District would retain the remainder of the surcharge revenues. When the arena construction is complete and events begin to be held, it is estimated that GPR revenues to the state would increase by approximately \$500,000 annually to reflect the deposit of these funds to the general fund and revenues to the District would increase by approximately \$1,500,000 annually associated with the surcharge.

Specify that required provision of the lease between WCD and the team, or its affiliate, that would provide the team, or its affiliate, the right to all revenues associated with the facility, would exclude from those revenues these ticket surcharge revenues received by the District associated with events held at the arena facilities.

*Existing Exposition District Board Members.* Specify that with regard to the exposition District existing on the effective date of the Act, the terms of office of all members of the District's Board of Directors would expire on the effective date of the Act.

The existing the 15-member Board includes the following members: (a) four members appointed by the Governor, one of which is the DOA Secretary, or the Secretary's designee; (b) the Co-chairpersons of the Joint Committee on Finance or their designees; (c) the City of Milwaukee comptroller or chief financial officer; (d) three members appointed by the Milwaukee County Executive, one of which must be the chief executive officer of a municipality that commits five-fourteenths of its room tax revenues to tourism and conventions within the District; (e) two members appointed by the Mayor of Milwaukee; and (f) three members appointed by the President of the governing body of the City of Milwaukee.

*DOA Secretary Authority as Chairperson of Interim District Board.* Specify that after the

expiration of the terms of the existing Board members, the DOA Secretary would not need to be reappointed and would be required to continue and become chairperson of the District Board on the effective date of the Act. Provide the DOA Secretary the authority to act before all appointed Board members are certified, and specify that the DOA secretary would continue to serve as Chairperson of the Board until he or she certifies that the sports and entertainment arena is complete. Require the DOA Secretary to make this certification as soon as he or she determines, that the sports and entertainment arena is completed, but not later than the first game played in the sports and entertainment arena by the professional basketball team that uses the arena as its home arena.

Require the DOA Secretary, in his or her capacity as Chairperson of the Board, to negotiate the development agreement, lease, and non-relocation agreement on behalf of the District and allow the Secretary to enter into any such development agreement, lease, or non-relocation agreement without the approval of the Board. Specify that any subsequent amendments to, or renewal or extensions of, the development agreement, lease, or non-relocation agreement would require the approval of the District Board.

*Interim Exposition District Board Membership and Authority.* On the effective date of the Act (August 14, 2015), expand the WCD Board from 15 to 17 members modify the current composition of the Board as follows:

- a. Require that two members would be the Speaker of the Assembly and the Majority Leader of the Senate, or their designees, rather than the Co-chairpersons of the Joint Committee on Finance or their designees;
- b. Specify that the two additional members would be the Minority Leader of the Assembly and the Minority Leader of the Senate, or their designees;
- c. Specify that any designee of a member of the State Legislature to the Board would have to be a member of the same house of the Legislature as the person making the designation.
- d. Specify that the members of the State Legislature, or their designees to the Board, and the City of Milwaukee comptroller would become Board members on the effective date of the Act (August 14, 2015); and
- e. Specify that the DOA Secretary would have to be a member of the District Board, rather than the Secretary's designee.

Require, not later than 30 days after the effective of the Act, each appointing authority to appoint new members to the Board and certify the appointees to DOA. Specify that the terms of these Board members would expire or terminate upon the earliest occurrence of one of the following: (a) two years after the member is certified to DOA as a member of the Board, as required under current law; (b) the DOA Secretary certifies the sports and entertainment arena construction is complete; or (c) the member's term terminates or expires, as specified under current law.



*Exposition District Board After Arena Construction.* Specify that upon the DOA Secretary certifying that the sports and entertainment arena construction is complete, the District Board membership would be modified as follows:

- a. The DOA Secretary could continue to serve on the Board, or may select a designee to serve in his or her place;
- b. One member would be the comptroller or chief financial officer of Milwaukee County, rather than an employee or officer of a private sector entity appointed by the County Executive, as allowed under current law;
- c. Reduce the number of private members currently appointed by the Milwaukee County Executive from two to one and this appointee would have to continue to be primarily an employee or officer of a private sector entity, that own, operates, or manages an enterprise located in the District, and has significant involvement in the food and beverage industry or the lodging industry (the Executive's other private sector appointment under current law would be replaced by the County comptroller under "b");
- d. One member appointed by the Milwaukee County Executive, who is the executive officer, or the officer's designee, of a municipality that meets the current law requirements relating to the contribution of its room tax to an entity that promotes tourism and conventions within the jurisdiction of the exposition District could be either the executive or his or designee (if this condition is not met, as under current law, the County Executive would have to appoint a resident of the District to the Board); and
- e. The three private sector entity members previously appointed by the Governor would instead be appointed by the Milwaukee County Executive and the current residency and industry requirements that those appointments are subject to would continue to apply.

As a result of the proposed changes to the Board, after the arena construction is complete, the 17-member Board would include the following members: (a) the DOA Secretary, or designee; (b) the Speaker of the Assembly and Majority Leader of the Senate, or their designees; (c) the Minority Leader of the Assembly and the Minority Leader of the Senate, or their designees; (d) the Milwaukee City and County comptroller or chief financial officer; (e) five members appointed by the Milwaukee County Executive; (f) two members appointed by the Mayor of the City of Milwaukee; and (g) three members appointed by the president of the governing body of the City of Milwaukee.

Require that upon the DOA Secretary issuing a certification that the sports and entertainment arena construction is complete, the terms of all Board members would expire or terminate and each appointing authority would be required to appoint and certify new members to the Board, not later than 30 days after the Secretary issues the certification. Specify that the DOA Secretary, or the Secretary's designee, the four members of the State Legislature to the Board, or their designees, and the City and County comptrollers would be certified as Board members upon the DOA Secretary's certification that arena construction is complete. Within 30 days of the DOA Secretary is certification, require each appointing authority to certify to DOA

the names of the persons appointed. Specify that the reconstituted Board may not take any action until a majority of the appointments to the Board are made and certified.

*Terms of Office of District Board After Arena Construction.* Specify that the current law terms of office would continue to apply, but, to the extent allowed under current law, the terms of office of the members of the Board would be three years, except that for the initial appointments that occur following the DOA Secretary certifying that construction of the arena facility is complete, the terms would be as follows:

- a. Three of the appointments would be for one year;
- b. Three appointments would be for two years;
- c. Three appointments would be for three years;
- d. The City and County comptroller appointments would be for the tenure of their position;
- e. The DOA Secretary, or the Secretary's designee, would be concurrent with the Secretary's term in office; and
- f. The four members of State Legislature, or their designees, would be for their legislative terms of office.

Specify that the length of the initial terms would be jointly determined by the DOA Secretary and the Milwaukee County Executive. Specify that no appointed member would be allowed to serve on the Board for more than six years.

*Powers of the District Relative to District Facilities.* Specify that the current powers of the District in connection with the exposition center facilities would be extended to include a sports and entertainment arena and sports and entertainment arena facilities. Extend the following powers of the District, as modified in certain instances, to the arena or arena facilities:

- a. The authority to acquire, construct, and equip the sports and entertainment arena and sports and entertainment arena facilities, or engage other persons to do these things;
- b. If the professional basketball team, or its affiliate, breaches the non-relocation agreement or lease with the District, the District may equip, maintain, operate, improve, and manage the sports and entertainment arena and sports and entertainment arena facilities, or engage other persons to do these things, but only from moneys received from the parent company of the professional basketball team, the professional basketball team, or its affiliate resulting from the breach of the non-relocation agreement or lease.
- c. The authority to improve, maintain, and repair real property, except that the District may only improve, maintain and repair sports and entertainment arena facilities, or engage others to do these things, if the professional basketball team, or its affiliate, breaches the non-relocation agreement or lease with the District, and only from moneys received from the parent company of

the professional basketball team, the professional basketball team, or its affiliate resulting from the breach of the non-relocation agreement or lease;

d. The authority to acquire property, which would be modified to specify that the District could lease, as lessor or lessee, or use, transfer, or accept transfers of property (this provision would also extend the District's condemnation authority, as allowed under current law, to include a sports and entertainment arena and sports and entertainment arena facilities);

e. The existing authority to enter into contracts, with an increase from \$30,000 to \$100,000 in the size of a contract that would have to be awarded to the lowest qualified and competent bidder, except that any contract with a professional basketball team would not be subject to these competitive bid requirements;

f. The existing authority to grant concessions; and

g. The newly-created authority to sell, or otherwise dispose of, unneeded or unwanted property (this provision would apply to all exposition District facilities).

Modify various statutory references to reflect the modifications to the powers of the District relative to sports and entertainment arena facilities.

*Exemption of Transfer Agreements from Certain Powers of the District.* Specify that the general powers of the District to employ personnel, fix and regulate their compensation, and provide, either directly or as a participant in a benefit plan of another governmental entity, any employee benefits, including an employee pension, would not apply to a transfer agreement with the Bradley Centers Sports and Entertainment Corporation. Provide that the District's current law authority to participate in a governmental plan of insurance or self-insurance would not apply to any transfer agreement between the District and the Corporation.

*District Development and Non-Relocation Agreements.* Require the WCD Board to enter into a development agreement with a professional basketball team, or its affiliate, that requires the professional basketball team or affiliate to develop and construct sports and entertainment arena facilities that will be financed in part by the District and leased to the professional basketball team, or its affiliate. Specify that before a District may sign the development agreement, the team, or its affiliate, would have to enter into a non-relocation agreement with the District and the DOA Secretary would have to certify that the professional basketball team, or its affiliate, has agreed to fund at least \$250,000,000 for the development and construction of the sports and entertainment arena facilities.

Specify that in consideration of the District, the state, the City of Milwaukee, and Milwaukee County promising to commit \$250,000,000 of financial assistance to the development and construction of the sports and entertainment arena facilities and granting a professional basketball team, or its affiliate, the right to operate and manage the sports and entertainment arena facilities, the professional basketball team would be required to enter into a non-relocation agreement with the District at the time the team enters into the development agreement for the construction of the sports and entertainment arena facilities with the District, that contains all of the following provisions and commitments during the term of the lease:

- a. The professional basketball team shall play substantially all of its home games at the sports and entertainment arena, once it is constructed;
- b. The professional basketball team shall maintain its membership in the National Basketball Association, or a successor league;
- c. The professional basketball team shall maintain its headquarters Wisconsin;
- d. The professional basketball team shall maintain in its official team name, the name of the City of Milwaukee;
- e. The professional basketball team shall not relocate to another political subdivision during the term of the lease;
- f. If the professional basketball team is sold or ownership is transferred to another person, the professional basketball team shall ensure that any person who acquires the professional basketball team, including upon foreclosure, commits to acquire the professional basketball team subject to the team's obligations under the non-relocation agreement; and
- g. During the last five years of the original 30-year lease, and during any five-year extension of the lease, the professional basketball team may negotiate, and enter into agreements, with third parties regarding the professional basketball team playing its home games at a site different from the site to which the lease applies after the conclusion of the lease.

*Team Breach of the Non-Relocation Agreement.* Specify that if a breach of the non-relocation agreement occurs, the state, the District, the City of Milwaukee, and Milwaukee County may act collectively to enforce the non-relocation agreement. Allow that if they prevail, they would be entitled to all of the following:

- a. Injunctive relief; and
- b. Liquidated damages, from the parent company of the professional basketball team, the professional basketball team, or its affiliate, equal to all of the following:
  - (1) An amount equal to the outstanding balance of principal and accrued, unpaid interest remaining on any debt issued or incurred by the District, the state, the City of Milwaukee, and Milwaukee County for the development and construction of the sports and entertainment arena facilities; and
  - (2) If the professional basketball team, or its affiliate, at the time of the breach is also in breach of its obligations under the lease with the District to equip, maintain, operate, and repair the sports and entertainment facilities, liquidated damages from the parent team of the professional basketball team, and the professional basketball team, or its affiliate, would also include an amount equal to the cost of performing these obligations during the term of the lease.

Require any liquidated damages to be apportioned among the District, the state, the City of Milwaukee, and Milwaukee County in proportion to that entity's financial contribution toward the development and construction of the sports and entertainment facilities.

*District Lease Agreement With Team.* Specify that the lease between the professional basketball team or its affiliate, and the District would have to contain at least all of the following provisions:

a. The term of the lease shall be for 30 years, plus two extensions of five years each, both extensions at the professional basketball team's or its affiliate's option;

b. Provisions concerning the transfer of the Bradley Center and the land on which it is located, to be conveyed fee title and free and clear of all liens, encumbrances, and obligations except for easements or similar restrictions that do not include a monetary component, from the District to the professional basketball team, or its affiliate, and, following that transfer, the subsequent demolition of the Bradley Center arena structure;

c. If the Bradley Center arena structure is transferred, the professional basketball team, or its affiliate, would be required to pay for all costs related to the demolition of the Bradley Center arena structure;

d. The professional basketball team, or its affiliate, would have to be responsible for equipping, maintaining, operating, improving, and repairing sports and entertainment arena facilities that are constructed pursuant to a development agreement entered into between the District and the team;

e. The professional basketball team, or its affiliate, would be entitled to receive all revenues, other than those associated with the District's ticket surcharge, related to the operation or use of the sports and entertainment arena facilities, including but not limited to ticket revenues, licensing or user fees, sponsorship revenues, revenues generated from events that are held on the plaza that is part of the sports and entertainment arena facilities, revenues from the sale of food, beverages, merchandise, and parking, and revenues from naming rights;

f. Provisions specifying that if the professional basketball team, or its affiliate breaches the non-relocation agreement, the parent company of the team, or its affiliate, would be jointly or severally responsible with the team, or its affiliate, for the costs of equipping, maintaining, operating, improving, and repairing the sports and entertainment arena facilities during the term of the lease; and

g. The lease would have to allow for a separate agreement between the City of Milwaukee and the professional basketball team, or its affiliate, that addresses the development and construction, leasing, operation, maintenance, and repair of a parking structure constructed as part of the sports and entertainment arena facilities and the ownership of, and revenues from, the parking structure.

Specify that if a breach of the lease occurs, the District may enforce the lease.

*Bonds of the District.* Modify current law related to bonds of a local exposition district as follows:

a. Allow the District to issue bonds for the same costs and purposes related to initially

developing and constructing a sports and entertainment arena or sports and entertainment arena facilities that are allowed under current law for an exposition center or exposition center facility;

b. Specify that the maximum amount of bond proceeds that a District may receive from bonds issued to fund the development and construction of sports and entertainment arena facilities is \$203,000,000, plus additional proceeds from the bonds to pay issuance or administrative costs related to the bonds, to make deposits in reserve funds related to the bonds, to pay accrued or funded interest on the bonds, and to pay the costs of credit enhancement for the bonds.

c. Specify that the state's current moral obligation pledge related to District bonds would not apply to reserve fund shortfalls related to bonds, including refunding bonds, issued by the District to fund the construction of sports and entertainment arena facilities;

d. Specify that the District may retain DOA as a financial consultant to assist in the coordination and issuance of its bonds; and

e. Specify that the proceeds of the bonds, other than refunding bonds, would be used in connection with a sports and entertainment arena or sports and entertainment arena facilities that serve a statewide public purpose.

*Responsibility to Sports and Entertainment Arena Facilities.* Specify the following relative to the responsibility to sports and entertainment arena facilities:

a. That neither the state, the City of Milwaukee, nor Milwaukee County would be responsible for equipping, maintaining, operating, improving, and repairing sports and entertainment arena facilities;

b. The District would be responsible only for equipping, maintaining, operating, improving, and repairing sports and entertainment arena facilities during the initial development and construction of those facilities.

c. If the professional basketball team, or its affiliate, breaches the non-relocation agreement or lease with the District, the District would be responsible for equipping, maintaining, operating, or repairing sports and entertainment facilities during the remainder of the lease, but only from moneys received from the parent company of the professional basketball team, the professional basketball team, or its affiliate, resulting from the breach of the non-relocation agreement or lease.

*WCD Transfer Agreements Relating to the Bradley Center.* Modify WCD's existing authority to enter into transfer agreements to require the District to enter into a separate type of transfer agreement with the Bradley Center Sports and Entertainment Corporation (Corporation). Specify that the District shall enter into one or more transfer agreements with the Corporation regarding the transfer of the Bradley Center or any part of the center, including land that cannot be immediately transferred following the District's execution of a lease for the sports and entertainment arena facilities. Specify that such transfer would be for nominal financial consideration.

Specify that following execution of a lease between the District and a professional basketball team and forgiveness by the team of any outstanding debt owed to the professional basketball team by the Corporation, the Corporation would have to transfer to the District the land necessary for the location of a sports and entertainment arena that is owned by the Corporation. Require that the transfer would occur pursuant to any transfers agreements and a transfer schedule certified by the DOA Secretary. Provide that the transfer agreement shall specify that demolition of the Bradley Center must commence not later than 180 days after the center is transferred to the District and that the Bradley Center parking structure may continue to exist and operate.

Specify that within 60 days following the later of the DOA Secretary issuing the certification that construction of a sports and entertainment arena is complete or the expiration of a 180-day written notice delivered by the District to the Corporation of the intended construction completion date, the Corporation would be required to complete the sale, exchange, transfer, or divestiture of any part of the Bradley Center that was not previously transferred.

Modify the current law prohibition that the Corporation could not sell, exchange, or otherwise divest itself of the Bradley Center to allow the Corporation to do so with WCD. Specify that the sale, exchange, transfer, or divestiture of the Bradley Center, or any part of the Center, to WCD would satisfy and terminate any obligation of the Corporation. Except as provided with regard to the transfer of land for the location of a sports and entertainment arena, the Corporation could not act to make this transfer before the DOA Secretary certifies that the construction of the sports and entertainment arena is complete.

Amend various statutory references referring to transfer agreements of WCD to delineate agreements relating to the transfer of the Bradley Center from other transfer agreements.

*Milwaukee County Property.* Require, as soon as practicable, Milwaukee County to transfer, unencumbered, to WCD, the property known as 929 North Water Street in Milwaukee, which is bounded by the Milwaukee River on the west, East State Street on the north, North Water Street on the east, and East Kilbourn Avenue on the south. Specify that the transfer would take effect upon the adoption of an exposition District Board resolution requesting the transfer and a written proclamation of the Milwaukee County Executive supporting the transfer, notwithstanding any policies issued, ordinances enacted, or resolutions adopted by the Milwaukee County Board to the contrary. Allow that the transfer may take place without the approval of the Milwaukee County Board.

*Allowable Local Investments.* Specify that the governing Board of a local exposition district would not be subject to the list of investments in which local governments may invest any of its funds not immediately needed.

*Dissolution of an Exposition District.* Specify that if the exposition District is dissolved the following would occur:

a. Property of the District that does not include sports and entertainment facilities would be transferred to the City of Milwaukee (this is current law for this property); and

b. Property of the District that includes sports and entertainment arena facilities would be transferred to the local units of government that compose the District's jurisdiction in such proportions as the DOA Secretary determines fairly and reasonably represent the contributions of each local unit of government to the development, construction, operation, maintenance, or improvement of the property that contains sports and entertainment arena facilities.

*Definitions:* Create the following definitions under the local exposition district statutes:

a. "Sports and entertainment arena" would mean the arena structure and the land necessary for its location that is used as the home arena of a professional basketball team and for other sports, recreation, and entertainment activities.

b. "Sports and entertainment arena facilities" would mean the sports and entertainment arena and structures, including all fixtures, equipment, and tangible personal property that are used primarily to support the operation of the sports and entertainment arena or are functionally related to the sports and entertainment arena, located on land not to exceed nine contiguous acres in area. Specify that such sports and entertainment arena facilities shall include such land and may include offices of the professional basketball team or its affiliate, parking spaces and garages, storage or loading facilities, access ways, sidewalks, a skywalk, plazas, transportation facilities, and sports team stores located on such land. In addition, sports and entertainment arena facilities would also include a parking structure to be constructed by a professional basketball team or its affiliate in conjunction with the construction of the sports and entertainment arena and to be owned by the sponsoring municipality.

c. "Professional basketball team" would mean a team that is a member of a league of professional basketball teams that have home arenas approved by the league in at least 10 states and a collective average attendance for all league members of at least 10,000 persons per game over the five years immediately preceding the year in which a District is created.

d. "Transfer agreement" would be modified to include a contract between a District and the Bradley Center Sports and Entertainment Corporation that provides the terms and conditions upon which the ownership of the Bradley Center, or any part of the Center, including real property, is transferred from the Bradley Center Sports and Entertainment Corporation to the District.

*Local exposition district -- Legislative Findings.* Specify that the Legislature finds and determines that the provision of assistance by state agencies, in conjunction with local units of government, to a local exposition district and any expenditure of funds to assist a District serve a statewide public purpose by assisting the development and construction of sports and entertainment arena facilities in the state for providing recreation, by encouraging economic development and tourism, by reducing unemployment, by preserving business activities within the state, and by bringing needed capital into the state for the benefit and welfare of people throughout the state.

Specify that the Legislature also finds and determines that a District serves a public purpose in the District's jurisdiction to the local units of government in which it is located by



providing recreation, by encouraging economic development and tourism, by reducing unemployment, by preserving business activities within the District's jurisdiction, and by bringing needed capital into the District's jurisdiction for the benefit and welfare of the people in the District's jurisdiction.

*Bradley Center Sports and Entertainment Corporation Dissolution.* Modify the requirement that the Corporation may not dissolve and wind up its affairs, unless the Legislature enacts a law ordering dissolution, by deleting the reference to the Legislature's action and, instead, specifying that the Corporation may not dissolve or wind up its affairs except in connection with the sale, exchange, transfer, or divestment of the Bradley Center upon the DOA Secretary certifying that the construction of the sports and entertainment arena of a local exposition center is complete.

Delete obsolete provisions related to the Corporation. Specify that upon dissolution, the Corporation, after making adequate provision for discharging its debts, liabilities, and obligations, would be required to transfer all remaining assets to the state (current law) or to a local exposition center District (new provision).

### **General Provisions**

*Sale of a Motor Vehicle.* Specify that after December 31, 2015, no individual may sell a motor vehicle, including transferring a junk vehicle by Act of sale, unless, within 30 days of the sale, the seller reports to the Department of Transportation (DOT) the identification number of the vehicle and the identity of the buyer. Require DOT to accept electronically the required information related to the sale of the motor vehicle. This requirement would be in addition to existing provisions related to transferring the certificate of title, which must be done by the new owner promptly upon delivery of the vehicle.

*Nonmoving Violations in a First Class City.* Allow a first class city to enact an ordinance establishing the period within which a person charged with a nonmoving violation would have to pay the forfeiture or appear in court. Specify that the ordinance shall require that a citation issued for a nonmoving violation must include the date on which the court may act under current law procedures relating to default of appearance unless the person has paid the forfeiture or appeared in court prior to that date. Modify current law provisions relating to the court appearance dates for nonmoving violations and the procedures on default of appearance to allow for these newly-created provisions for the City of Milwaukee.

*Regulation of the Stopping, Standing, or Parking of Vehicles.* Specify that a local authority with respect to highways under its jurisdiction, including state trunk highways or connecting highways within corporate limits, could enact an ordinance making the owner of the vehicle involved in a violation for stopping, standing, or parking a vehicle jointly liable for the violation.

*Registration of Impounded or Towed Vehicles.* Provide the governing body of any town, city, village, or county the authority to enact an ordinance requiring that no vehicle that has been impounded or towed may be released unless the motor vehicle is registered, as required by the state, or is exempt from such registration.

*Modification to Sheriff Sales of Mortgaged Premises Under Judgement.* Specify the following provisions related to sheriff sales of mortgaged premises in Milwaukee County:

a. Require that if a mortgaged premises is located in Milwaukee County that no later than ten days after the sale of the mortgaged premises, the sheriff or referee shall do all of the following: (1) file a report of the sale with the clerk of the court; and (2) deliver to the clerk of the court he deed to the mortgaged premises, and after deducting the costs and expenses of the sale, unless the court orders otherwise, the proceeds of the sale ordered by the court.

b. Specify that if a sheriff or referee makes a sale of mortgaged premises located in Milwaukee County under a judgment of foreclosure and sale, all of the following apply:

(1) If the purchaser is not the judgment creditor, before the court may confirm the sale, the purchaser shall provide the judgment creditor with any information required for the judgment creditor to complete the real estate transfer fee, if applicable, any information required for a certificate, waiver, or stipulation required state rental unit energy efficiency statutes;

(2) No later than ten days after the court confirms the sale, the purchaser would have to pay to the court all of the following:

(a) The amount of the real estate transfer fee if any;

(b) The amount of the fee under to record the deed to the mortgaged premises and any other document required for the register of deeds to record the deed, including any certificate, waiver, or stipulation required relating to state rental unit energy efficiency statutes; and

(c) No later than ten days after the court confirms the sale, the judgment creditor would be required to provide to the court the receipt for submitting a real estate transfer fee and any certificate, waiver, or stipulation required under state rental unit energy efficiency statutes.

c. Specify that upon the court confirming the sale of mortgaged premises located in a county and upon compliance by the purchaser with the terms of the sale and the payment of any balance of the sale price to be paid, unless otherwise ordered by the court, the clerk of the court shall transmit the deed to the mortgaged premises received, the receipt for submitting a real estate transfer fee and any certificate, waiver, or stipulation required under state rental unit energy efficiency statutes, and the amount due to record the deed and any other document required to record the deed, and the transfer fee, if any, to the register of deeds of the county.

d. Make various modifications to the statutes and make various cross references in statute to reflect the specific changes to sheriff sale procedures in Milwaukee County.

e. Specify that these provisions would first take effect on the first day of the fifth month beginning after publication and would first apply to a foreclosure action commenced on that effective date.

Prepared by: Al Runde