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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Job Creation, Economic Development and Consumer Affairs (SC-JCEDCA)

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: Mike Barman (LRB) (August/2012)

Senate

Record of Committee Proceedings

Committee on Job Creation, Economic Development and Consumer Affairs

Senate Bill 19

Relating to: the sunset of local professional baseball park district sales and use taxes and restricting the use of sales and use tax revenue and auditing the finances of a local professional baseball park district.

By Senators Stepp, Darling, Carpenter, Kanavas, Leibham, Brown, Lazich, Erpenbach and Grothman; cosponsored by Representatives Vos, Lehman, Turner, Gunderson, Kerkman, Nass, Gundrum, Pettis, McCormick, Ainsworth, Kreibich, Albers, Krawczyk, Honadel and Hundertmark.

January 24, 2005 Referred to Committee on Job Creation, Economic Development and Consumer Affairs.

March 31, 2005 **PUBLIC HEARING HELD**

Present: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.
Absent: (0) None.

Appearances For

- Cathy Stepp, Sturtevant — Senator

Appearances Against

- Mr. Jay Williams, Mequon — Southeast Wisconsin Professional Baseball Park District

Appearances for Information Only

- None.

Registrations For

- Steve Nass, Madison — Representative
- Robin Vos, Madison — Representative

Registrations Against

- None.

May 20, 2005 **EXECUTIVE SESSION HELD**

Present: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.
Absent: (0) None.

Moved by Senator Kanavas that **Senate Amendment 1** be recommended for adoption.

Ayes: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.

Noes: (0) None.

ADOPTION OF SENATE AMENDMENT 1 RECOMMENDED, Ayes 5, Noes 0

Moved by Senator Kanavas that **Senate Bill 19** be recommended for passage as amended.

Ayes: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.

Noes: (0) None.

PASSAGE AS AMENDED RECOMMENDED, Ayes 5, Noes 0

Jeremy Shepherd
Committee Clerk

Record of Committee Proceedings

~~Joint committee on Finance~~

~~Senate Bill 19~~

SENATE BILL 19 (LRB -1122)

An Act to amend 77.707 (1), 229.685 (1), 229.685 (2) and 229.79; and to create 13.94 (1) (r) of the statutes; relating to: the sunset of local professional baseball park district sales and use taxes and restricting the use of sales and use tax revenue and auditing the finances of a local professional baseball park district.

2005

- 01-24. S. Introduced by Senators **Stepp, Darling, Carpenter, Kanavas, Leibham, Brown, Lazich, Erpenbach and Grothman**; cosponsored by Representatives **Vos, Lehman, Turner, Gunderson, Kerkman, Nass, Gundrum, Pettis, McCormick, Ainsworth, Kreibich, Albers, Krawczyk, Honadel and Hundertmark**.
- 01-24. S. Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs 47
- 02-10. S. Fiscal estimate received.
- 02-15. S. Fiscal estimate received.
- 03-31. S. Public hearing held.
- 05-18. S. Senate amendment 1 offered by Senator Kanavas (**LRB a0526**) 229
- 05-20. S. Executive action taken.
- 05-27. S. Report adoption of Senate Amendment 1 recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 5, Noes 0 235
- 05-27. S. Report passage as amended recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 5, Noes 0 235
- 05-27. S. Available for scheduling.
- 06-09. S. Pursuant to Senate Rule 46 (2)(c), withdrawn from committee on Senate Organization and rereferred to joint committee on Finance 250

2006

- 05-11. S. Failed to pass pursuant to Senate Joint Resolution 1 853



SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

*Miller Park
One Brewers Way
Milwaukee, Wisconsin 53214
(office) 414.902.4040
(fax) 414.902.4033*

MEMORANDUM

DATE: January 25, 2005

TO: Senator Kanavas

FROM: Mike Duckett

REGARDING: Senate Bill 19

Senator Kanavas –

I learned on the Legislative website that Senate Bill 19 has been proposed and forwarded to your committee for further consideration. I would like to offer several thoughts on the subject bill:

1. The District Board has not met since the introduction of SB 19 related to the fixed sunset date for the Miller Park 0.1% sales tax, and therefore, does not yet have an understanding of, or a “position” on the proposed bill. The next District Board meeting is tentatively scheduled for March 15, 2005.
2. The District Board has consistently projected the sunset date for the sales tax to be calendar year 2014. This projection was again confirmed earlier this month in conjunction with the recent lawsuit settlement agreement with Mitsubishi. The 2014 sunset date projection is based on several assumptions – perhaps the two most critical assumptions include:
 - a. 5.5% projected annual growth of the District’s sales tax revenues
 - b. 3.5% projected annual earnings on the District’s fund balances
1. Based on a preliminary and rudimentary understanding of the proposed SB 19, District staff and service providers have expressed several concerns related to the proposed SB 19:

- a. The proposed bill may be contrary to the terms of the law established in the District's enabling legislation – 1995 Wisconsin Act 56. The enabling legislation states in Section 229.76, ***“State Pledge. The state pledges to and agrees with the bondholders, and persons that enter into contracts with a district under this subchapter, that the state will not limit or alter the rights and powers vested in a district by this subchapter, including the rights and powers under s. 229.68(15), before the district has fully met and discharged the bonds, and any interest due on the bonds, and has fully performed its contracts, unless adequate provision is made by law for the protection of the bondholders or those entering into contracts with a district.”*** Unfortunately, Senate Bill 19, by establishing a fixed and rigid sunset date, may “limit the rights” of the District to ensure the bonds can be repaid.
 - b. Because the proposed bill places fixed limits on the revenue stream identified to pay off the bonds, the bill may affect the perceived risk associated with the bonds, and could affect the value of the bonds on the secondary bond market. In addition, this perceived risk could be of concern to the insurer of the bonds, MBIA. If SB 19 is passed into law, either party, the bondholders and/or MBIA, could have a legitimate claim or lawsuit against the State of Wisconsin or the Southeast Wisconsin Professional Baseball Park District.
 - c. The bill may be setting a dangerous precedent for the State of Wisconsin. If mutual fund managers, bond investors, or other parties involved with the issuance of bonds in Wisconsin believe the State of Wisconsin is inclined to issue bonds under a set of fixed conditions, only to change the rules after the sale of the bonds, future bond offerings by the State of Wisconsin may be in jeopardy.
1. In summary, the District Board is committed to protecting the taxpayers of the five county District. To that end, the District Board is committed to terminating the 0.1% sales tax as quickly as possible, and is currently projecting a sunset date for the sales tax in calendar year 2014. However, the District Board has not yet had a chance to study or review proposed SB 19, and therefore has not established an official position on the proposed bill. In the meantime, the District Board would strongly encourage the legislature to work closely with the Department of Administration and other state agencies and bureaus to carefully measure and understand the ramifications of such legislation, both on the outstanding Miller Park bonds and any future State of Wisconsin bond offerings.

Thank you for your consideration. Please feel free to contact me if you should have any questions or comments.

MIKE DUCKETT

"UPON TERMINATION OF SALES
TAX, STATE AGREES TO ASSUME
OBLIGATIONS OF THE DISTRICT."

(414) 940-2139

CELL

Milwaukee
Madison
Oshkosh
Green Bay
Sheboygan
Brookfield

Davis & Kuelthau, s.c.

ATTORNEYS AT LAW

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Milwaukee, WI 53202-6613
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Email: nmatar@dkattorneys.com

March 25, 2005

Mr. Michael R. Duckett
Executive Director
Southeast Wisconsin Professional Baseball Park District
One Brewers Way
Milwaukee, WI 53214

*1. Biennial
Audit*

Re: **Senate Bill 19**

Dear Mr. Duckett:

You requested our written observations and concerns about Senate Bill 19, which was introduced on January 24, 2005. We have thoroughly reviewed Senate Bill 19, its legal impact on the Southeast Wisconsin Professional Baseball Park District (the "District"), its impact on every person or entity which has a contract with the District including bondholders and have also researched relevant Wisconsin case law and statutes. Based upon our review, we have concluded that if Senate Bill 19 becomes law in its current form, it: (1) will trigger an immediate default of the District's legal duties and obligations to its bondholders; (2) will constitute a default under many of the other contracts to which the District is a party, some of which contracts have a term of over thirty (30) years, which extends far beyond the proposed sunset date; (3) may precipitate a number of lawsuits against the State of Wisconsin and the District by bondholders, the insurer of the bonds and others who have a contract with the District; and (4) may require the District to take action directly against the State of Wisconsin as required by the terms and provisions of many of its existing contracts.

Norm Matten

Before discussing in more detail the specifics of our observations, it is important to note that the observations and concerns expressed herein should in no way be interpreted or deemed to be a reversal or modification of the District's projected sunset date for the sales tax. Starting the year of substantial completion of Miller Park, the District has prepared a projection of the anticipated sunset date for the sales tax. Every year since this projection has been performed, the anticipated sunset date for the sales tax has been in the year 2014. It is my understanding that the District believes that sunseting the tax in 2014 is clearly attainable and has no reason to believe that the tax cannot be extinguished in 2014. Nonetheless, these projections are based upon various assumptions and although the District considers these assumptions to be reasonable, the accuracy of the projection is totally dependant upon events beyond the District's control. Like all projections, the accuracy of the District's sunset date projection will depend upon how close actual future economic events are to the assumptions used in the District's forecast. If sales tax revenues for the District continue to increase at an annual rate consistent with historical patterns and if investment earnings are consistent with historical norms, then the District's projection will prove to be accurate. If, on the other hand, the depressed economic conditions of the last few years persist, or if national and state economies encounter another recession or, if oil prices continue to rise or if the country is exposed to another terrorist attack, then the projections may not be accurate. The point is nobody knows

Bonds retired

Maintainance

What % of the money collected flows to reserve funds?

Mr. Michael R. Duckett
March 25, 2005
Page 2

what will happen in the future and there is no guarantee the District's financial projections will prove to be accurate. The financial projections represent the District's best estimate of what is most likely to occur. If financial performance exceeds the forecast, then the District will be in a position to retire the tax earlier. If financial performance is below the forecast due to circumstances beyond the District's control, then the District will be required to continue the tax beyond 2014.

The fiscal estimate prepared in connection with Senate Bill 19 explicitly recognizes this fact. The fiscal estimate concludes that if the District's sales tax revenues or earnings growth is lower than the assumed 5.5% and 3.5% respectively, used in the projection then the sunset provisions in Senate Bill 19 may result in a funding shortfall. This potential ramification of Senate Bill 19 will precipitate severe adverse consequences for the District and ultimately, the taxpayers of the five counties.

A review of the enabling legislation, which created the District back in 1995, provides further guidance as to the potential problems the District will encounter from passage of Senate Bill 19. Consistent with other similar legislation, the State Legislature in 1995 enacted Section 229.76, which was an integral part of the enabling legislation. Section 229.76 provides:

State Pledge. The state pledges to and agrees with the bondholders, and persons that enter into contracts with a district under this subchapter, that the state will not limit or alter the rights and powers vested in a district by this subchapter, including the rights and powers under s.229.68(15)¹, before the district has fully met and discharged the bonds and any interest due on the bonds and has fully performed its contracts, unless adequate provision is made by law for the protection of bondholders or those entering into contracts with the district.

Pledge the revenues.

Pursuant to the fiscal estimate prepared for Senate Bill 19 as discussed above, the proposed legislation could result "in a funding shortfall". Accordingly, Senate Bill 19 would violate Section 229.76 of the Wisconsin Statutes. Specifically, because Senate Bill 19 would limit the District's ability to collect sales tax beyond December 31, 2014, Senate Bill 19 would limit and alter "the rights and powers vested in a district" before the District has fully satisfied all of its contractual obligations. By its stated terms, Section 229.76 is intended to protect "bondholders, and persons who enter into contracts with a district" and, therefore, both bondholders and others having contracts with the District would arguably have a direct cause of action against the State of Wisconsin, insofar as the State would have breached its unequivocal pledge not to tamper with the taxing power of the District.

Passage of Senate Bill 19 in its current form could also have the unintended result of causing the District to default on some of its outstanding bonds. A vast majority of the District's bonds do not mature until after December 31, 2014 with some maturity dates as far out as 2029. In the event sales tax revenues are insufficient to retire the bonds early or to legally defease the bonds prior to December 31, 2014, the District could potentially be in default of its obligations to bondholders. Furthermore, the mere passage of Senate Bill 19 could, under the various bond agreements and resolutions of the District, be construed as an immediate default by the District of all of its bonds. This may trigger immediate litigation by the Trustee on behalf of all bondholders against the District. Moreover, to avoid this default scenario - which could

¹ Section 229.68(15) grants the District the ability to levy the sales tax.

Mr. Michael R. Duckett
March 25, 2005
Page 3

have a devastating impact on the taxpayers of the District - the District might be required to take immediate remedial action including unwanted legal action against the State of Wisconsin. To do otherwise, may constitute a breach by the District of its covenants under its previously adopted General Resolution, which authorized issuance of the bonds. Passage of Senate Bill 19 will also violate "Resolution #95-4-Resolution to Impose Sales and Use Taxes" wherein the District, consistent with the enabling legislation, imposed the sales tax authorized by the enabling legislation "for the period commencing on January 1, 1996 until the end of the calendar quarter during which the District Board makes a certification to the Department of Revenue as provided in §§77.707 and 229.685(2) Wis. Stats."

The District's bonds are also fully insured by MBIA. In the event Senate Bill 19 becomes law, MBIA may also be compelled to commence litigation against the District and the State of Wisconsin to protect its potential significant exposure to bondholders. Pursuant to the provisions of the insurance policy, the District may be obligated to notify MBIA of this new law and will be required to cooperate with MBIA, which cooperation may compel the District to become directly involved in any litigation which may ensue.

In light of the significant impact Senate Bill 19 may have on all of the various contracts which the District has entered into over the years, the provision of Senate Bill 19, which would sunset the sales tax as of December 31, 2014, is likely unconstitutional. Article I, Section 10 of the U.S. Constitution provides in relevant part, "No state shall...pass any...law impairing the obligation of contracts." Similarly, Article I, Section 12 of the Wisconsin Constitution provides in relevant part, "No...law impairing the obligation of contracts, shall ever be passed...". Senate Bill 19 in its current form will clearly impair the contract between the District and its bondholders by removing the contracted-for mechanism for the repayment of the bonds (the imposition of the sales tax).

Finally, while the proposed legislation in the form of Senate Bill 19 may be well intentioned, it will cause significant legal problems for the District, its bondholders and any other person who has a contract with the District. Passage of Senate Bill 19 may cause immediate, as well as, future defaults under many of these contracts and will unnecessarily require the District to become embroiled in unneeded and unwanted litigation. In short, passage of Senate Bill 19 may very well have the exact opposite result from what is intended and rather than shortening the life of the tax could very well extend its length indefinitely.

Very truly yours,

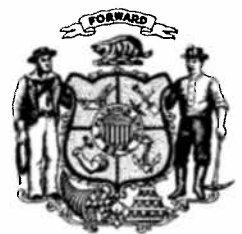
Davis & Kuelthau, s.c.


Norman J. Matar

NJM:dau
Enclosure



WISCONSIN STATE LEGISLATURE



**Southeast Wisconsin
Professional Baseball Park
District
Miller Park
One Brewers Way
Milwaukee, Wisconsin 53214
(Office) 414.902.4040
(Fax) 414.902.4033**

FACSIMILE TRANSMITTAL SHEET

TO: Senate Committee Members	FROM: Mike Duckett
COMPANY: Job Creation, Econ...	DATE: March 25, 2005
FAX: miscellaneous	TOTAL PAGES: 6
TELEPHONE: miscellaneous	REGARDING: Proposed SB 19

NOTES / COMMENTS:

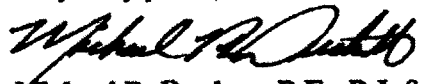
Dear Senators Kanavas, Zien, Reynolds, Lassa and Decker:

I understand that you will be considering proposed Senate Bill 19 relating to the Southeast Wisconsin Professional Baseball Park District's 0.1% sales tax at your hearing next week (Thursday, March 31, 2005).

Unfortunately, I will be out of town next week, and unable to attend your hearing. However, if possible, I would like you to please consider the attached documents as you review Senate Bill 19.

Thank you for your time and consideration. If you have any further questions or comments concerning the attached documents, I can be reached on my cell phone at 414-940-2139.

Very truly yours,



Michael R. Duckett, P.E., R.L.S.
Executive Director
Southeast Wisconsin Professional Baseball Park District

Cc: Board of Directors, Southeast Wisconsin Professional Baseball Park District
Norm Matar, Davis & Kuelthau



SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MILLER PARK - ONE BREWER WAY, MILWAUKEE, WISCONSIN 53214
PHONE (414) 902-4040 FAX (414) 902-4033



Via Facsimile and U.S. Mail

March 25, 2005

State Senator Ted Kanavas, Chairman
Committee on Job Creation, Economic Development and Consumer Affairs
Room 10 South - State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Regarding: Proposed Senate Bill 19

Dear Senator Kanavas:

For your information and reference, please find enclosed a copy of a letter that was recently prepared by the legal counsel for the Southeast Wisconsin Professional Baseball Park District regarding proposed Senate Bill 19.

The Board of Directors of the Southeast Wisconsin Professional Baseball Park District remains firmly committed to protecting the taxpayers of the five-county District, including the commitment to retire the 0.1% sales tax as quickly as possible. Currently, the projections of an independent public financial management firm indicate that the Southeast Wisconsin Professional Baseball Park District is well on track to retire the sales tax by the end of calendar year 2014.

We understand the primary intent of proposed Senate Bill 19 to be the establishment of a fixed and firm sunset date of December 31, 2014 for the 0.1% District sales tax. However, as the attached letter indicates, proposed Senate Bill 19 may result in some unintended problems for the State of Wisconsin and/or the Southeast Wisconsin Professional Baseball Park District.

While the Board of Directors of the Southeast Wisconsin Professional Baseball Park District fully supports the earliest possible retirement of the 0.1% District sales tax, we cannot support proposed Senate Bill 19 as it is currently written because of the unintended, problematic impacts it would have on bondholders, bond insurers and other potential bond offerings in the State of Wisconsin. We would be happy to work with you, your committee members, other authors or cosponsors of proposed Senate Bill 19 or any other interested parties to develop legislation that truly protects the taxpayers of our five-county District, and ensures us all of the earliest possible retirement of the 0.1% District sales tax.

3-25-05: 2:27PM: 13 # 3/ 6
Letter to Senator Kanavas
Re: Proposed Senate Bill 19
March 25, 2005
Page 2

Thank you for your time and consideration in this matter. Please feel free to contact me if you should have any questions or comments.

Very truly yours,



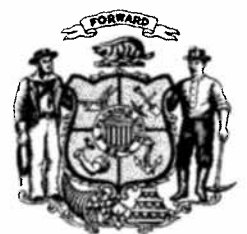
Michael R. Duckett, P.E., R.L.S.
Executive Director

Enclosure

CC: Committee Members – Senators Zien, Reynolds, Lassa and Decker (via fax and U.S. Mail)
Proposed Senate Bill 19 Authors and Cosponsors (by U.S. Mail)
SEWPBPD Board of Directors (via fax and U.S. Mail)
Norm Matar – Davis & Kuelthau (via fax and U.S. Mail)



WISCONSIN STATE LEGISLATURE



Shepherd, Jeremy

From: Hoadley, Frank
Sent: Tuesday, March 29, 2005 5:18 PM
To: Shepherd, Jeremy
Subject: RE: SB 19

① Put a limit on
How much tax
maintained
② How much i bonds
they can issue
pledging this

Mr. Shepherd -

Just as a reminder, while the use of the State's moral obligation as a backing for the Stadium District's bonds was authorized by the authorizing legislation, the District chose to issue the bonds without the State's moral obligation, so the State has no responsibility for the bonds. As a result of not being responsible, we do not have ready access to the debt structure of the District and provisions of the bonds they actually sold.

③ Develop a plan
to defease by 2014

I have a general understanding that the maturity date of some of the bonds sold is later than the December 2014 sunset date established by SB 19. Some, if not all of those bonds may be "non-callable." While the tax revenue cash flow between now and 2014 may be sufficient to retire the debt, that may be difficult if procedures to tender or defease bonds due after 2014 are not implemented.

I am concerned that the portion of the bill that provides an absolute sunset date on the tax could be an action by the State that constitutes an impairment of the contract between the stadium district and bondholders. The legislation that permitted creation of the district and the issuance of bonds contains a provision that the State will not impair the bondholders' contract and obviously bondholders relied on this provision in purchasing the bonds. The 2014 sunset could rattle bondholders, even in the absence of a fall-off in revenues, and bondholders could conceivably find a cause of action against the State that the sunset date was an impairment.

An alternate approach to the same end would be to prohibit the district from making any further pledges of the taxes to new bonds or extending the life of the existing debt - while still keeping the provision that the tax sunsets when the bonds are paid off. It may be prudent that such a restriction not apply to refundings, credit facilities and swaps, provided that the concept that there is no extension of the amount or final maturity of the debt is maintained.

Frank Hoadley 266-2305

From: Shepherd, Jeremy [mailto:Jeremy.Shepherd@legis.state.wi.us]
Sent: Monday, March 28, 2005 12:04 PM
To: Hoadley, Frank
Subject: SB 19

Frank,

Senate Bill 19 - relating to sun setting the Miller Park Stadium tax is going to be heard in Senator Kanavas' Job Creation Committee this Thursday. In speaking with Mike Duckett of the Southeast Wisconsin Professional Baseball Park District, he suggested getting your thoughts on what effect this legislation could have on the bond houses.

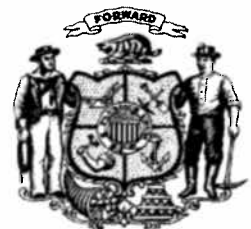
If you have a moment, Senator Kanavas would appreciate your input on SB 19.

Thanks Frank!

JEREMY J. SHEPHERD
OFFICE OF SENATOR TED KANAVAS
WISCONSIN 33RD SENATE DISTRICT
ROOM 10 SOUTH, STATE CAPITOL
MADISON, WI 53707-7882
(608) 266-9174



WISCONSIN STATE LEGISLATURE



Southeast Wisconsin Professional Baseball Park District

Miller Park
One Brewers Way
Milwaukee, Wisconsin 53214
(Office) 414.902.4040
(Fax) 414.902.4033

SB 197

FACSIMILE TRANSMITTAL SHEET

TO: State Senator Ted Kanavas	FROM: Mike Duckett
COMPANY: Wisconsin State Senate	DATE: May 25, 2005
FAX: 608-264-6914	TOTAL PAGES: 10
TELEPHONE: 608-266-9174	REGARDING: Miller Park Sales Tax

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES / COMMENTS:

Attached please find a copy of our draft 2005 Sales Tax Sunset Date Projection, including a cover memo, a cover letter from Public Financial Management (the District's Financial Advisor) and the model spreadsheet from Public Financial Management.

The Board of Directors of the Southeast Wisconsin Professional Baseball Park District will be asked to consider this draft at their next meeting, which is scheduled for June 14, 2005. If approved, the projection will then be forwarded to interested parties.

Please feel free to contact me if you should have any questions or comments.

Southeast Wisconsin Professional Baseball Park District

Miller Park
One Brewers Way
Milwaukee, Wisconsin 53214
(Office) 414.902.4040
(Fax) 414.902.4033

FACSIMILE TRANSMITTAL SHEET

TO: SEWPBPD Board	FROM: Mike Duckett
COMPANY: Miscellaneous	DATE: May 25, 2005
FAX: Broadcast Dial	TOTAL PAGES: 9
TELEPHONE: n/a	REGARDING: Sales Tax Sunset Date

NOTES / COMMENTS:

Attached please find a copy of the cover letter and spreadsheet summarizing the latest Sales Tax Sunset Date projection as presented to our Finance Committee yesterday. While the projection continues to indicate that we are on track for retiring the sales tax in Calendar Year 2014, there are several significant issues to consider as you review our Financial Advisor's report:

Sales Tax Sunset Date Projection:

1. The 2005 Model indicates that we are continuing to project the sunset date for the 0.1% District sales tax in Calendar Year 2014.
2. However, the 2005 Model indicates that we will need to collect the sales tax for the vast majority of calendar year 2014 as the coverage in our fund balance at year-end 2014 when compared to the present value cost of our future obligations is minimal.

What's Changed:

1. Our Financial Advisor continues to refine the sunset date model with more accurate estimates of revenues and expenditures.
2. Final sales tax collections for 2004 were nearly \$1 million under our projection (Projected \$25,650,000 vs. Actual \$24,800,296).
3. Roof repair costs are currently budgeted to be less than anticipated at the time of our Settlement Analysis (\$30,160,000 vs. \$32,000,000), however, roof repair expenditures will occur at a more accelerated pace: over three years – not four as originally projected and with 2/3 of our expenditures occurring this year (year one).

Issues to Consider:

1. While the projection of the Sunset Date in 2014 continues to be good news, and is consistent with all past reports, there are several issues to be aware of:
 - a. The coverage in our fund balance at year-end 2014 when compared to the present value cost of our future obligations is minimal.
 - b. We continue to assume Sales Tax annual growth rate of 5.5% and interest earnings at 3.5% - we continue to believe these are realistic projections, and are optimistic that they are achievable.
 - c. However, our actual Sales Tax annual growth rate has only been 5.2% since the tax collection started, and our current annual growth rate for 2005 when compared to the first five months of 2004 is -3.0%.

Finance Committee Recommendations:

1. The Finance Committee will forward the attached report to the full Board of Directors for their review and consideration at the June 14th meeting of the Board of Directors.
2. The Finance Committee has requested that PFM undertake a new sales tax modeling effort early next year (when final results for 2005 collections are known) and to incorporate their findings in our 2006 Sales Tax Sunset Date Model.
3. The Finance Committee has requested that PFM also undertake a more detailed study of anticipated investment earnings on behalf of the District (including debt defeasance strategies) and to incorporate their findings and projections in our 2006 Sales Tax Sunset Date Model.

Obviously, discussion of the 2005 Sales Tax Sunset Date Model will be part of our Board of Directors meeting agenda for our upcoming June 14th meeting. However, if you should have any questions or comments before that time, please feel free to call me (cell phone 414-940-2139) at anytime.

Cc: Norm Matar, Davis & Kuelthau

**The PFM Group**

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

45 South Seventh Street
Suite 2800
Minneapolis, MN 55402

612.338.3535
612.338.7264 Fax
www.pfm.com

May 20, 2005

Mr. Michael Duckett
Executive Director
Southeast Wisconsin Professional
Baseball Park District
Miller Park
One Brewers Way
Milwaukee, WI 53214

Dear Mr. Duckett:

You have asked that we conduct a financial analysis examining alternative assumptions of the rate of sales tax growth to determine when the Southeast Wisconsin Professional Baseball Park District ("the District") could be expected to have sufficient funds available to completely defease all currently outstanding debt obligations of the District.

This letter is being submitted in response to your request. It should be noted that some of the material contained in this letter is based on estimates, assumptions and information that is subject to change over time. While we are comfortable with our analysis, we express no opinion on the accuracy of any data or assumptions contained in this letter. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore actual results achieved during the analysis period will vary from the estimates and the variations may be material.

In summary, this analysis projects that sufficient funds are estimated to be available in 2014 to defease all currently outstanding debt obligations of the District. This estimate assumes a net compound annual sales tax growth of 5.5%. We have provided a discussion of this analysis below and also attached a detailed spreadsheet printout for this scenario.

Model Assumptions

In the cash flow model we produced, we sought to determine the time when the balance of the District's available resources will exceed the amount required for all future obligations including both debt service and operating expenditures through December 1, 2030. This period encompasses the initial lease period of the Milwaukee Brewers lease. The Milwaukee Brewers lease provides for 5 two-year extension options. However, we did not provide any analysis of the impact of any extension of the lease beyond December 1, 2030.

Mr. Duckett
May 20, 2005
Page 2 of 4

Specific assumptions we used in the model are set forth below:

Expenditures

- Debt service is consistent with that reported in the District's Official Statement dated June 27, 2001, the last time the District issued debt.
- The Annual Maintenance and Repair Contribution (AMRC) will include the payment for the MMAC Note (\$2,161,103 per year through 12/1/08) along with the "AMRC Surplus" amount of \$568,119 from 2003 through 2008; \$310,194 from 2009 through 2018; and \$408,148 from 2019 through 2029. The AMRC Surplus was determined as part of the note purchase activity of 2002.
- The Segregated Reserve expense is \$2,200,000 less the "AMRC Surplus" amount.
- We used the values the District provided us for administrative expenditures: \$2,000,000 in 2005 and \$1,675,000 in 2006 and thereafter with annual growth of 1%.
- Expenditures projected for roof repair in 2005, 2006 and 2007 represent estimates and will be reevaluated later this year when final contract costs are known.
- There are no expenditures other than those listed above included in this cash flow projection.

Revenues

- The base year for the sales and use tax projection is the 2005 budgeted amount.
- Payments from the Helfaer Foundation \$2,000,000 contribution for a youth facility is listed as \$200,000 from 2004 to 2011.
- AMRC Revenue is equal to the AMRC Surplus as determined by the note purchase activity of 2002.
- The team lease commenced on March 30, 2001 with the annual rental amounts of \$900,000 for the first 10 years, \$1,200,000 for the next 10-year period, and \$1,208,400 for the remaining (third) 10-year period. Lease payments are assumed to be paid in arrears.
- A total of \$40,050,000 of litigation revenue is shown in 2005.
- Interest rates for discounting future obligations and determining revenue on investment income are based on current market conditions.

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- There are no revenues other than those listed above available to the District.

Discussion of results

Sufficient funds to completely defease currently outstanding debt is shown in Table 1 when the district has cash reserves which invested at an assumed interest rate reflective of current market conditions and added to the present value of the Brewers rent obligation when taken together are sufficient to meet (i) the District's future obligations for existing debt service on its bonds; (ii) AMRC costs; (iii) segregated reserve fund costs and (iv) property insurance premiums.

Six growth assumptions for the District's sales tax have been examined in this analysis: 1%, 3%, 5%, 5.5%, 7% and 8.6%.

Table 1

Annual Growth Rate in District Sales Tax	Initial Year Adequate Funds Available
1.0%	2017
3.0%	2016
5.0%	2015
5.5%	2014
7.0%	2014
8.6%	2013

Sales tax is highly sensitive to economic conditions and no single growth assumption can be reliable. Furthermore, the sales tax may not grow each year and may decline if economic conditions are weak or if inflation declines. This analysis assumes growth occurs each year for the duration of the tax collection.

The District's sales tax growth has ranged from -7.8% to 12.5% in the seven years with available data. The compound annual growth rate for sales tax in the seven years ending in 2004 is 5.2%. Seven years is not enough of a history on which to base projections. However, the sales tax growth for the state as a whole has had a compound annual growth rate of 6.5% (straight average 6.6%) from 1978 through 2003 ranging from -0.3% in 1980 to 18.2% in 1983. Therefore, it seems reasonable to use a projection of 5.5%, one full percentage point below the State's average, for our purposes.

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We have also separately examined the impact of using three alternative interest rate assumptions: 3.5%, 4.0% and 5.0%.

Table 2

Annual Interest Rate Increase	Initial Year Adequate Funds Available
3.5%	2014
4.0%	2014
4.5%	2014
5.0%	2013

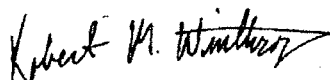
Based on recent year history, we are using the 3.5% interest rate assumption in the attached model, however in as much as there is an indication of interest rates increasing in the future, there may be future opportunities to assume more aggressive rates.

We are prepared to discuss this analysis with you at your convenience.

Sincerely yours,
PUBLIC FINANCIAL MANAGEMENT, INC.



Wayne S. Burggraaff
Managing Director



Robert M. Winthrop
Senior Managing Consultant

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT
to 12/31/2030
Model 2006

Project Year Lease Year Period	8 12/31/05	9 12/31/06	10 12/31/07	11 12/31/08	12 12/31/09	13 12/31/10	14 12/31/11	15 12/31/12	16 12/31/13	17 12/31/14	18 12/31/15	19 12/31/16
Revenue												
Net Sales Tax @ 6.1% Growth	27,060,750	28,549,091	30,119,291	31,775,852	33,523,524	35,367,318	37,312,520	39,364,709	41,529,766	43,813,805		
AMRC Revenue	968,119	968,119	968,119	968,119	968,119	968,119	968,119	968,119	968,119	968,119		
Hellier Foundation (for Youth Facility)	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000		
Litigation revenue	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000		
Immu.Bldg	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000		
Total Revenue	68,778,869	70,617,210	72,487,372	74,403,871	76,375,162	78,403,537	80,487,139	82,625,158	84,816,885	87,062,520		
Expenditures												
Debt Service	17,278,419	17,451,289	17,628,222	17,809,035	18,000,000	18,200,000	18,410,000	18,630,000	18,860,000	19,100,000		
AMRC	2,729,222	2,729,222	2,729,222	2,729,222	2,729,222	2,729,222	2,729,222	2,729,222	2,729,222	2,729,222		
Segregated Reserve	1,631,881	1,631,881	1,631,881	1,631,881	1,631,881	1,631,881	1,631,881	1,631,881	1,631,881	1,631,881		
Litigation expense	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000		
Operations and Management Cost	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000		
Total Expenditures	44,639,522	44,812,392	45,000,325	45,200,325	45,410,000	45,630,000	45,860,000	46,100,000	46,350,000	46,610,000		
Net Revenues from operations	24,139,347	25,804,918	27,487,047	29,203,546	30,965,162	32,773,537	34,627,139	36,525,158	38,466,885	40,442,520		
Int. on Prev. Balance	1,723,356	1,723,356	1,723,356	1,723,356	1,723,356	1,723,356	1,723,356	1,723,356	1,723,356	1,723,356		
Fund Balance	74,441,446	76,528,266	78,670,393	80,867,917	83,117,168	85,417,563	87,767,102	90,165,887	92,613,922	95,112,020		
Debt Service Coverage (A/F)	1.57	1.64	1.71	1.78	1.86	1.95	2.03	2.12	2.22	2.32		
Total Expenditures vs. Net Sales Tax (A/F)	0.60	0.91	1.25	1.63	2.03	2.48	2.97	3.50	4.08	4.71		
Future Obligations												
Outstanding Principal of callable debt	97,535,000	92,210,000	86,440,000	80,180,000	73,405,000	66,090,000	58,185,000	49,640,000	40,505,000	30,770,000		
Outstanding Principal of non-callable debt	138,741,000	138,818,000	138,898,000	138,978,000	139,058,000	139,138,000	139,218,000	139,298,000	139,378,000	139,458,000		
PV of debt for non-callable debt	53,508,167	53,546,660	53,585,153	53,623,646	53,662,139	53,700,632	53,739,125	53,777,618	53,816,111	53,854,604		
PV of debt for callable debt	42,313,956	39,483,844	36,653,732	33,823,620	31,000,508	28,177,396	25,354,284	22,531,172	19,708,060	16,884,948		
PV Cost of Property Insurance Obligations	3,778,681	3,708,665	3,638,649	3,568,633	3,498,617	3,428,601	3,358,585	3,288,569	3,218,553	3,148,537		
PV Other of team rent	(18,185,000)	(18,111,278)	(18,037,556)	(17,963,834)	(17,890,112)	(17,816,390)	(17,742,668)	(17,668,946)	(17,595,224)	(17,521,502)		
Total Future Obligations	317,408,805	309,104,093	300,248,348	290,792,237	282,870,350	274,558,703	266,519,307	258,038,653	249,558,000	241,077,350		
Sufficient Funds	no	no	no	no	no	no	no	no	no	no	yes	yes
Sales Tax Growth Rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Fund Balance less Future Obligations											13,789	14,282
Assumptions												
Net Sales Tax Growth Rate*	5.50%											
Segregated Reserve Contribution												
Interest on Fund Balance & PV Calc	3.50%											
Discount rate for PV calculation	2014											
Fund Balance > Obligations	55,949,668											
Bank Balance	6,710,942											
Segregated Reserve Fund Balance	49,238,743											
Beginning Fund Balance												
District Property Insurance Obligations	Yes											
Notes:												
Annual Sales Tax experience	1997	1998	1999	2000	2001	2002	2003	2004				
	17,390,000	19,571,000	20,447,000	22,251,000	23,174,500	25,349,000	29,372,000	24,800,296				

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT
to 12/31/2030
Model 2005

	20	21	22	23	24	25	26	27	28	29	30
Project Year	16	17	18	19	20	21	22	23	24	25	26
Lease Year	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26
Period											
Revenue											
Net Sales Tax @ 3.5% Growth											
AMRC Revenue											
Heiler Foundation (for Youth Facility)											
Litigation revenue											
Total											
Total Revenue											
Expenditures											
Debt Service											
AMRC											
Segregated Reserve											
Litigation expense											
Operations and Management Cost											
Total Expenditures											
Net Revenues from operations											
Int. on Prev. Balance	500	517	535	554	574	594	614	636	659	681	706
Fund Balance	14,782	15,300	15,835	16,389	16,963	17,557	18,171	18,807	19,466	20,147	20,852
Debt Service Coverage (A/WP)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Total Expenditures vs. Net Sales Tax (A/WP)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Future Obligations											
Outstanding Principal of callable debt											
PV adjustment for non-callable debt											
PV Cost of District Obligations											
PV Cost of Property Insurance Obligations											
PV Offset of term rent											
Total Future Obligations											
Sufficient Funds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Sales Tax Growth Rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Fund Balance less Future Obligations	14,782	15,300	15,835	16,389	16,963	17,557	18,171	18,807	19,466	20,147	20,852
Assumptions											
Net Sales Tax Growth Rate*	5.50%										
Segregated Reserve Contribution	3.50%										
Interest on Fund Balance & PV Calc	3.00%										
Discount rate for PV calculation	2014										
Fund Balance > Obligations	55,949,665										
Bank Balance	6,710,942										
Segregated Reserve Fund Balance	49,238,743										
Beginning Fund Balance											
District Property Insurance Obligations	Yes										
Notes:											
Annual Sales Tax experience											

SEWRPRD Cash Flow
Miller Park Model - MPO draft 5-19-04

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SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT
to 12/31/2030
Model 2005

Revenue	31 12/31/27	32 12/31/28	33 12/31/29	34 12/31/30
Net Sales Tax @ 9.5% Growth	-	-	-	-
AMRC Revenue	-	-	-	-
Hallmark Foundation (for Youth Facility)	-	-	-	-
Litigation Revenue	-	-	-	-
Total Revenue	-	-	-	-

Expenditures	31 12/31/27	32 12/31/28	33 12/31/29	34 12/31/30
Debt Service	-	-	-	-
AMRC	-	-	-	-
Segregated Reserve	-	-	-	-
Litigation expense	-	-	-	-
Operations and Management Cost	-	-	-	-
Total Expenditures	-	-	-	-

Net Revenues from operations	730	755	782	802
Int. on Prev. Balance	-	-	-	-
Fund Balance	21,592	22,337	23,119	23,928

Debt Service Coverage (A/P)	#DIV/0	#DIV/0	#DIV/0	#DIV/0
Total Expenditures vs. Net Sales Tax (A/P)	#DIV/0	#DIV/0	#DIV/0	#DIV/0

Future Obligations	yes	yes	yes	yes
Outstanding Principal of callable debt	-	-	-	-
PV estimate for non-callable debt	-	-	-	-
PV Cost of District Obligations	-	-	-	-
PV Cost of Property Insurance Obligations	-	-	-	-
PV Cost of team rent	-	-	-	-
Total Future Obligations	-	-	-	-

Sufficient Funds	yes	yes	yes	yes
Sales Tax Growth Rate	5.5%	5.5%	5.5%	5.5%
Fund Balance less Future Obligations	21,592	22,337	23,119	23,928

Assumptions	6.60%	3.50%	3.50%	2014
Net Sales Tax Growth Rate	6.60%	-	-	-
Segregated Reserve Contribution	-	3.50%	-	-
Interest on Fund Balance & PV Calc	-	-	3.50%	-
Discount rate for PV calculation	-	-	-	2014
Fund Balance > Obligations	-	-	-	-
Bank Balance	56,948,685	-	-	-
Segregated Reserve Fund Balance	6,710,942	-	-	-
Beginning Fund Balance	49,238,743	-	-	-

District Property Insurance Obligations	Yes
Notes:	
Annual Sales Tax experience	

SEWPPFD Cash Flow
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