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☞ Details: Legislative Audit Bureau Report 07-7: An Audit: State Fair Park

(FORM UPDATED: 08/11/2010)

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

### 2007-08

(session year)

### Joint

(Assembly, Senate or Joint)

### Committee on Audit...

### COMMITTEE NOTICES ...

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

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

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

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

**Matthews, Pam**

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**From:** Craig Barkelar [craig.barkelar@charter.net]  
**Sent:** Thursday, January 04, 2007 11:23 AM  
**To:** Sen.Sullivan; Rep.Jeskewitz  
**Cc:** Matthews, Pam  
**Subject:** State Fair Park Plan

Dear Senator Sullivan and Representative Jeskewitz:

In our response to Report # 06-7, State Fair Park agreed to provide an update to you by January 1, 2007 on the State Fair Park's plans to promote financial stability. The Executive Director and I apologize for missing the deadline and hope it will not inconvenience you too much if it is a week late. The document is being reviewed by the State Fair Park Board, but is expected to be mailed tomorrow, Friday, January 5, 2007.

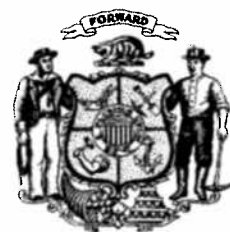
We will be more timely in the future. Thank you for your continued interest in improving State Fair Park.

Craig Barkelar, Deputy Director\CFO  
Wisconsin State Fair Park

01/08/2007



# WISCONSIN STATE LEGISLATURE





# Wisconsin State Fair Park

640 S 84<sup>th</sup> St. • West Allis, WI 53214 • (414) 266-7000 • www.wistatefair.com

January 5, 2007

Senator Jim Sullivan, Co-chairperson  
Joint Legislative Audit Committee  
State Capital, Room 15 South  
P. O. Box 7882  
Madison, Wisconsin 53707-7882

Representative Suzanne Jeskewitz, Co-chairperson  
Joint Legislative Audit Committee  
State Capital, Room 314 North  
P. O. Box 8952  
Madison, Wisconsin 53708

Dear Senator Sullivan and Representative Jeskewitz,

In Report # 06-7, the Legislative Audit Bureau recommended that State Fair Park report to the Joint Legislative Audit Committee on its plans to stabilize its financial condition. Most of State Fair Park's plans have already been identified in one or more of the legislative audit reports. At this time, I would like to report on preliminary successes and future strategies.

State Fair Park's \$11.4 million deficit is primarily a result of three factors:

- **\$10.0 Million Problem** The construction of a \$21 million grandstand at the Milwaukee Mile increased debt service by \$1.5 million annually while not allowing for any additional revenue generation. To come to grips with this, State Fair Park needed to repurchase the promotional rights to the track and operate it until a private entity willing to accept the additional financial risk could be found. Over a four year period, losses totaling \$10.0 million have been incurred (an average of \$2.5 million per year). As long as the license agreement with the new private promoter (Milwaukee Mile Marketing) continues, State Fair Park will not be at risk for losses associated with the Milwaukee Mile debt service or operations. This is the most significant change that will promote financial stability.
- **\$2.8 Million Problem** Although in a deficit situation, State Fair Park was required to lapse program revenue (it did not have) to the General Fund. State Fair Park made many attempts to avoid the mandated assessments based on its inability to fund them but was unsuccessful. With an \$11.4 million deficit, the two cabinet secretaries and four legislators on the State Fair Park Board believe they can garner enough support to avoid any future mandated lapses.
- **\$2.0 Million Problem** The operator of the Olympic ice training center (Pettit National Ice Center, Inc) was expected to fund debt service and pay all property costs. Its operations have not generated sufficient cash to fully fund these costs. To-date, State Fair Park has provided an involuntary subsidy of more than \$2 million. After January 5, 2007 when the ice center will be sold to the Pettit National Ice Center, Inc, State Fair Park will not be at risk for debt service and operational losses associated with the Olympic ice training center.

The correction of these three issues alone would allow State Fair Park's operation to be profitable. However, additional actions have been implemented.

There is one other factor that also has contributed significantly to the burden placed on operations. The construction of the independently owned and operated Wisconsin Exposition Center on the fairgrounds has resulted in the loss of more than \$1.0 million of rental income annually from buildings that were razed to allow the construction the Exposition Center. Operations are still adjusting to this loss of revenue. On a positive note, the Exposition Center has recently refinanced its debt, which limits the potential of new financial demands being placed on State Fair Park for ten years or more.

The Legislative Audit Bureau has reported numerous cost savings measures implemented by State Fair Park that have reduced costs by \$600,000 or more annually. Strategies include: negotiating lower municipal service fees and police service costs; reducing the number and hours of part-time staff working events; and eliminating the use of consultants and controlling energy use. Results have been constant. For example, State Fair Park has reduced its energy demand by one-third throughout the year and generated actual savings exceeding \$120,000, or 20 percent, in 2006 when compared to 2005. In the next year, new efforts will focus on removing State Fair Park staff from roles in operations such as the dairy bakery, guest service catering operations and midway ticketing. By focusing solely on quality control, State Fair Park costs will be reduced by more than \$125,000 annually.

With operational efficiency gains, the licensing of the Milwaukee Mile and the sale of the ice center, operations are set to generate a surplus after six years of losses. Our budget for this fiscal year is a \$537,000 surplus. Half-way through the fiscal year, State Fair Park has a surplus of \$119,500, which is within \$1,400 of its year-to-date budget. Breaking down annual budgets into monthly periods by department and holding managers accountable has been and will be the most effective control to ensure profitability. Besides managers, monthly and year-to-date results are shared with board members, the Legislative Audit Bureau, and the Department of Administration's Division of Executive Budget and Finance. Internal and external accountability is paramount to our success in eliminating the deficit while maintaining the Park's infrastructure and improving the quality of programming for the State Fair.

Because of the size of the deficit, State Fair Park has held planning sessions with its board members and staff and is developing a plan that will guide future decisions and ensure annual profits. Plan strategies include:

- producing only the State Fair event and renting facilities to private entities throughout the rest of the year;
- increasing Fair prices every three years with individual changes staggered so some increase occurs each year to offset unavoidable inflationary cost increases;
- changing Fair programming to reduce the net cost of overhead, entertainment and agriculture shows; and
- continuing to increase sponsorship and naming rights sales to more than recover the new costs of necessary capital improvements.

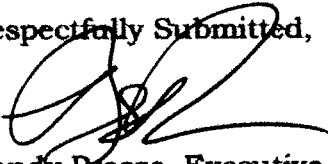
Senator Sullivan and Representative Jeskewitz  
January 5, 2007  
Page 3 of 3

The plan will be approved at the Board's January 22<sup>nd</sup> meeting. A copy of the plan will be provided to the Legislative Audit Bureau.

Our profitability will always be limited by our need to remain affordable to families. Consequently, State Fair Park believes it will be necessary to eliminate the deficit over many years. Nevertheless, the Board is creating a committee of community experts to determine whether some development along the Interstate is possible without negatively affecting the State Fair and other operations. The revenue stream generated from such development would be dedicated solely to reducing the deficit. This committee will also explore methods to maximize use and revenue from the Youth Center, which is significantly underutilized most of the year. A copy of the committee's conclusions will be provided to the Legislative Audit Bureau.

While several successful actions have been taken, many more are underway. If you have questions on this report and our plans for the future, please contact me at (414) 266-7020. Otherwise, I look forward to the review by your legislative auditors, which is to begin next week. The audit reports have proven useful and the direction from the Audit Committee has been very helpful in directing necessary change.

Respectfully Submitted,

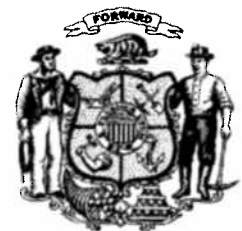


Randy Prasse, Executive Director

cc: Ms. Janice Mueller, State Auditor



# WISCONSIN STATE LEGISLATURE





STATE OF WISCONSIN

Legislative Audit Bureau

22 E. Mifflin St., Ste. 500  
Madison, Wisconsin 53703  
(608) 266-2818  
Fax (608) 267-0410  
Leg.Audit.Info@legis.state.wi.us

Janice Mueller  
State Auditor

DATE: June 4, 2007

TO: Lewis Rosser and Pamela Mathews  
Committee Clerks to the Joint Legislative Audit Committee

FROM: Carolyn Stittleburg *CS*  
Financial Audit Director

SUBJECT: Report 07-7: An Audit of State Fair Park

As required by s. 13.94(1)(dm), Wis. Stats., we have completed a financial audit of the Wisconsin State Fair Park. We have issued an unqualified opinion on State Fair Park's fiscal year (FY) 2005-06 financial statements, which are provided in report 07-7.

As part of our audit, we continued to monitor State Fair Park's financial condition. In FY 2005-06, State Fair Park reported a cash shortfall of \$1.7 million. While this is an improvement over the prior year, when the shortfall was \$3.6 million, the continued losses have increased the overall **cash deficit** facing State Fair Park. As of June 30, 2006, State Fair Park had an accumulated cash deficit of \$11.5 million.

In our prior year audit, we reported that State Fair Park entered into an agreement with a private promoter, Milwaukee Mile Holdings, LLC to manage the Milwaukee Mile racetrack. The agreement includes a four-year land exchange option in which Milwaukee Mile Holdings will acquire 9.35 acres of land for development. In exchange, it must purchase and remediate a separate piece of property that is located on the fairgrounds but is owned by AmeriGas, L.P. There are safety concerns related to the propane tanks located on the property. Therefore, in April 2007, Milwaukee Mile Holdings assigned its rights to acquire that property to the State Fair Park Board. At its May 24, 2007 meeting, the Building Commission approved \$1.7 million in GPR-supported borrowing for State Fair Park to purchase and remediate the land.

In January 2007, State Fair Park finalized the sale of the Pettit Center to the Pettit National Ice Center, Inc., for \$5.6 million. As part of the agreement, State Fair Park waived \$1.0 million in past due rent. Further, the State retains the first right of purchase if the facility is sold. State Fair Park is seeking additional program revenue supported borrowing authority in the event it would need to repurchase the Pettit Center.

The audit will be released on June 5<sup>th</sup> at 9:00 a.m. Please contact us if you have any questions regarding the report.

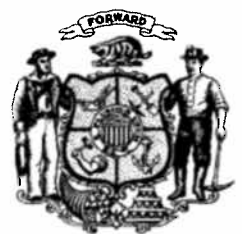
CS/kc

Enclosures





# WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

**Joint Legislative Audit Committee**

DRAFT

Committee Co-Chairs:  
State Senator Jim Sullivan  
State Representative Suzanne Jeskewitz

For Immediate Release

June 5, 2007

For More Information Contact:

Senator Jim Sullivan  
Representative Suzanne Jeskewitz

(608) 266-2512  
(608) 266-3796

**Audit Details Efforts to Improve Financial Condition of State Fair Park**

(Madison) Today, the nonpartisan Legislative Audit Bureau (LAB) released a financial audit of the Wisconsin State Fair Park. In its report, LAB issued an unqualified audit opinion on State Fair Park's financial statements for fiscal year (FY) 2005-06.

As part of its annual financial audit, LAB has continued to monitor State Fair Park's financial condition and its efforts to improve its financial performance. In FY 2005-06, State Fair Park reported a cash shortfall of \$1.7 million, which is an improvement over the prior fiscal year's cash shortfall of \$3.6 million.

Continued losses have increased State Fair Park's accumulated cash deficit to \$11.5 million. However, the audit notes that recent, significant changes to two facilities that operate on the fairgrounds were made to help improve the Park's financial condition. First, the Milwaukee Mile racetrack has, since January 2006, been managed by a private racing promoter under a licensing agreement with the Park. Second, in January 2007, the Pettit National Ice Center was sold to the not-for-profit corporation that operates it. State Fair Park officials point to these changes as a principal reason for a projected cash surplus at the end of FY 2006-07, which will be the first time in recent years a surplus has been realized. Any surplus will be applied to the deficit that has accumulated.

Copies of the report may be obtained from LAB's Web site at [www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab) or by calling (608) 266-2818. A podcast of the report highlights for report 07-7 is also available on the Web site.

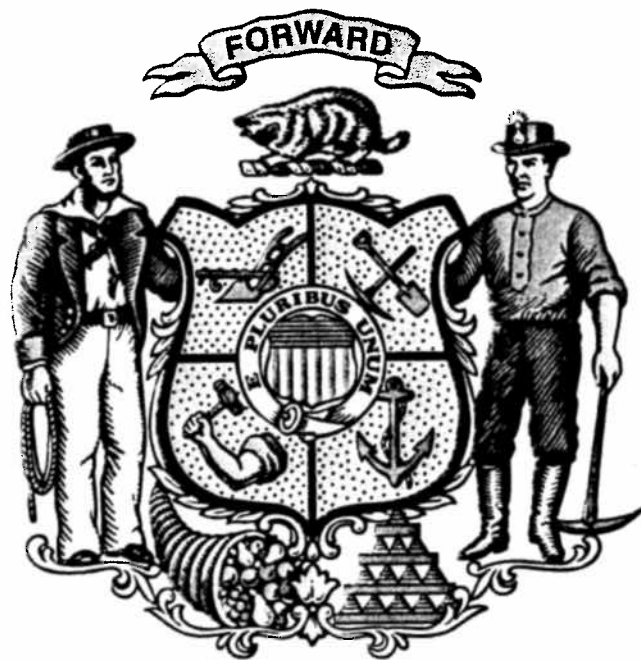
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**SENATOR SULLIVAN**

P.O. Box 7882 • Madison, WI 53707-7882  
(608) 266-2512 • Fax (608) 267-0367

**REPRESENTATIVE JESKEWITZ**

P.O. Box 8952 • Madison, WI 53708-8952  
(608) 266-3796 • Fax (608) 282-3624





**STATE OF WISCONSIN**

**Legislative Audit Bureau**

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Janice Mueller  
State Auditor

DATE: June 4, 2007

TO: Lewis Rosser and Pamela Mathews  
Committee Clerks to the Joint Legislative Audit Committee

FROM: Carolyn Stittleburg *CS*  
Financial Audit Director

SUBJECT: Report 07-7: An Audit of State Fair Park

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In our prior year audit, we reported that State Fair Park entered into an agreement with a private promoter, Milwaukee Mile Holdings, LLC to manage the Milwaukee Mile racetrack. The agreement includes a four-year land exchange option in which Milwaukee Mile Holdings will acquire 9.35 acres of land for development. In exchange, it must purchase and remediate a separate piece of property that is located on the fairgrounds but is owned by AmeriGas, L.P. There are safety concerns related to the propane tanks located on the property. Therefore, in April 2007, Milwaukee Mile Holdings assigned its rights to acquire that property to the State Fair Park Board. At its May 24, 2007 meeting, the Building Commission approved \$1.7 million in GPR-supported borrowing for State Fair Park to purchase and remediate the land.

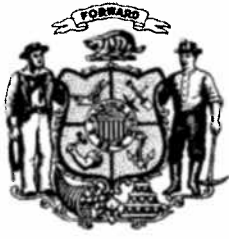
In January 2007, State Fair Park finalized the sale of the Pettit Center to the Pettit National Ice Center, Inc., for \$5.6 million. As part of the agreement, State Fair Park waived \$1.0 million in past due rent. Further, the State retains the first right of purchase if the facility is sold. State Fair Park is seeking additional program revenue supported borrowing authority in the event it would need to repurchase the Pettit Center.

The audit will be released on June 5<sup>th</sup> at 9:00 a.m. Please contact us if you have any questions regarding the report.

CS/kc

Enclosures



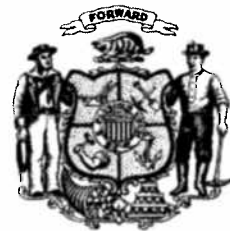


The following document was too large to scan into the committee record. The cover and table of contents, if available, have been scanned for your convenience.

Most large publications have been added to the Dr. H. Rupert Theobald Legislative Library collection. Search the LRB library catalog (LRBCat) (<http://lrbcatalog.legis.wisconsin.gov/>) for availability.

For further assistance, please contact the reference desk at (608) 266-0341 or email [lrb.reference@legis.wisconsin.gov](mailto:lrb.reference@legis.wisconsin.gov).

State of Wisconsin - Legislative Reference Bureau  
1 East Main Street, Suite 200  
Madison, WI 53703



An Audit

## **State Fair Park**

### **2007-2008 Joint Legislative Audit Committee Members**

**Senate Members:**

Jim Sullivan, Co-chairperson  
Julie Lassa  
Russell Decker  
Alan Lasee  
Robert Cowles

**Assembly Members:**

Suzanne Jeskewitz, Co-chairperson  
Samantha Kerkman  
Kitty Rhoades  
David Cullen  
Joe Parisi

---

## LEGISLATIVE AUDIT BUREAU

The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law and that state agencies carry out the policies of the Legislature and the Governor. Audit Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

Reports are submitted to the Joint Legislative Audit Committee and made available to other committees of the Legislature and to the public. The Audit Committee may arrange public hearings on the issues identified in a report and may introduce legislation in response to the audit recommendations. However, the findings, conclusions, and recommendations in the report are those of the Legislative Audit Bureau. For more information, write the Bureau at 22 E. Mifflin Street, Suite 500, Madison, WI 53703, call (608) 266-2818, or send e-mail to [leg.audit.info@legis.wisconsin.gov](mailto:leg.audit.info@legis.wisconsin.gov). Electronic copies of current reports are available on line at [www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab).

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State Auditor – Janice Mueller

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**Report on Control and Compliance**

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Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

**Appendix**

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Map of Wisconsin State Fair Park

**Response**

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From the Executive Director of State Fair Park



STATE OF WISCONSIN  
Legislative Audit Bureau

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Janice Mueller  
State Auditor

June 6, 2007

Senator Jim Sullivan and  
Representative Suzanne Jeskewitz, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator Sullivan and Representative Jeskewitz:

As required by s. 13.94(1)(dm), Wis. Stats., we have completed our annual financial audit of State Fair Park. We have issued an unqualified opinion on State Fair Park's fiscal year (FY) 2005-06 financial statements. In addition, we have continued to monitor State Fair Park's financial condition and its efforts to improve its financial performance.

In FY 2005-06, State Fair Park's expenditures exceeded revenues by \$1.7 million, increasing the fairgrounds' accumulated cash deficit to \$11.5 million. As part of efforts to improve State Fair Park's financial condition, agency officials have restructured the fairgrounds' financial relationships with two other facilities that operate on the fairgrounds: the Milwaukee Mile and the Pettit National Ice Center.

In December 2005, State Fair Park entered into an agreement with a private promoter to operate the Milwaukee Mile racetrack. The promoter acquired all promotional rights to the racetrack in exchange for an annual license fee. This license fee will provide State Fair Park with between \$1.7 million and \$1.8 million per year over the 18-year term of the agreement.

In January 2007, the Pettit Center was sold to its managing not-for-profit corporation for nearly \$5.6 million. Proceeds from the sale will be used to fund remaining debt service payments, which at the time of the sale were \$5.7 million. As a condition of the sale, State Fair Park waived \$1.0 million in past-due rent, which had been outstanding since June 30, 2004.

We appreciate the courtesy and cooperation extended to us by the staff of State Fair Park. A response from State Fair Park's executive director follows the appendix.

Respectfully submitted,

Janice Mueller  
State Auditor

JM/CS/ss

An Audit:

State Fair Park

June 2007

## Report Highlights ■

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***As of June 30, 2006, State Fair Park's accumulated cash deficit was \$11.5 million.***

State Fair Park, the 190-acre fairgrounds located in West Allis and Milwaukee, is home to the annual Wisconsin State Fair. The State Fair Park Board, which is attached to the Department of Tourism for administrative purposes, is responsible for its management.

***The sale of the Pettit Center was finalized on January 5, 2007.***

We are required by statutes to perform an annual financial audit of State Fair Park and have issued an unqualified opinion on its financial statements for fiscal year (FY) 2005-06. They are included in our report.

***State Fair Park's agreement with the racetrack promoter provides for a land exchange.***

We have also continued to monitor State Fair Park's financial condition and efforts to improve its financial performance. As part of those efforts, agency officials have restructured financial relationships with two entities operating facilities that have affected the financial condition of State Fair Park:

***The Wisconsin Exposition Center believes that refinancing debt will help its financial condition.***

- the Pettit National Ice Center, a United States Olympic training facility that was built in 1992 and was recently sold to the not-for-profit corporation that has been responsible for its operation; and
- the Milwaukee Mile racetrack and grandstand, which had been managed by State Fair Park from May 2003 through December 2005, when operations were again licensed to a private promoter.

***Careful monitoring of State Fair Park's financial condition continues to be needed.***

A third facility on the fairgrounds, the Wisconsin Exposition Center, is owned and operated by a not-for-profit organization. The Exposition Center is used exclusively for the Wisconsin State Fair each August but is available for other events throughout the year.

## Key Facts and Findings

We issued an unqualified opinion on State Fair Park's financial statements for FY 2005-06.

FY 2005-06 expenditures exceeded revenues by \$1.7 million.

State Fair Park sold the Pettit Center for \$5.6 million.

The Wisconsin Exposition Center is refinancing \$40.8 million in industrial revenue bonds.

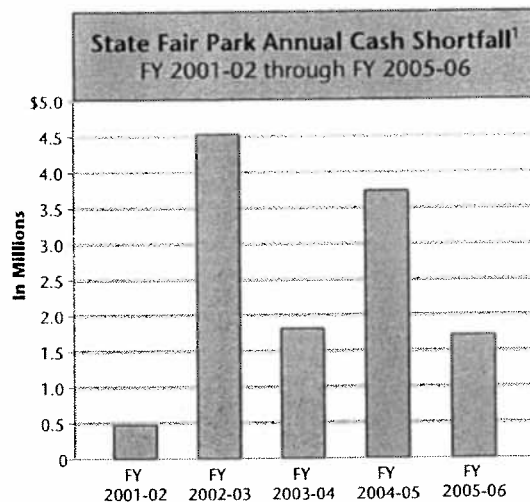
In May 2007, State Fair Park obtained \$1.7 million in GPR-supported borrowing to purchase and remediate 2.54 acres of land.

The first year of the licensing agreement with the Milwaukee Mile's private promoter ended in December 2006.

*State backfills*

## Fiscal Condition

State Fair Park's annual expenditures—including operating, capital, and debt service costs—have exceeded total revenues since FY 1999-2000. A cash shortfall of \$1.7 million was realized in FY 2005-06.



<sup>1</sup> Includes statutorily required lapses.

The cash shortfall is smaller in FY 2005-06 than in the prior year, when expenditures exceeded revenues by \$3.6 million. However, State Fair Park's accumulated cash deficit has increased to \$11.5 million. Such a deficit reduces funding available for other state programs and limits the State's ability to generate income from investment earnings.

Both staff and the Board believe that State Fair Park's long-term financial condition will improve with the sale of the Pettit Center and the privatization of Milwaukee Mile management. Further, several cost-saving initiatives have been

*[Handwritten signature]*

implemented, and additional sponsorships have been sought to increase revenues. For the first time in recent years, State Fair Park is projecting a cash surplus of \$537,000 in FY 2006-07.

## Pettit Center

The Pettit Center facility was sold to the Pettit National Ice Center, Inc., on January 5, 2007. The sale was approved by the State Building Commission and the Legislature's Joint Committee on Finance.

Based on two appraisals, and with input from the State's Capital Finance Director, the final sale price was set at \$5.6 million. Proceeds from the sale, plus interest earnings, will be used to pay the remaining debt service on the facility.

As part of the sale agreement:

- State Fair Park waived past-due rent of \$1.0 million, which had been outstanding since June 30, 2004;
- the facility must continue to be used as an Olympic training facility;
- the facility cannot be leased without approval by the State Fair Park Board; and
- the State retains the first right of purchase if the facility is sold by the Pettit National Ice Center, Inc.

*? What will they do with it? only use if they want to take it back.*

*# 4.1 million - interest only 2017 - principal interest*

State Fair Park has requested \$5.3 million in program revenue-supported bonding authority in the event it would need to repurchase the Pettit Center. This request was included in recommendations by the Building Commission for the 2007-09 biennium and is currently pending in the Legislature.

property located on the fairgrounds but owned by AmeriGas, L.P.

payments by \$60,000, and it does not require the Exposition Center to maintain a letter of credit. For calendar year 2005, the Exposition Center's cost to renew its letter of credit was \$27,126.

### The Milwaukee Mile

In December 2005, State Fair Park entered into a license agreement with Milwaukee Mile Holdings, LLC, a racing promoter, to manage the fairgrounds' racing activities. The license agreement is for a term of 18 years, with a renewal option for 10 additional years.

Propane tanks located on the AmeriGas property have caused some safety concerns. Therefore, in April 2007, Milwaukee Mile Holdings assigned its rights to acquire that property to the State Fair Park Board. At its May 2007 meeting, the Building Commission approved \$1.7 million in general purpose revenue (GPR)-supported borrowing for State Fair Park to purchase and remediate the land. In addition, \$300,000 in program revenue-supported borrowing was approved for utility and other improvements.

Exposition Center staff believe the refinancing will help its financial condition. To date, the refinancing agreement has not been finalized.

### Future Considerations

State Fair Park received \$246,000 in license fees in July 2006. Future license fees will exceed \$1.7 million in each year.

Milwaukee Mile Holdings continues to hold the right to purchase the 9.35 acres of State Fair Park land for development. If it exercises the option, it will reimburse the State for \$1.7 million spent to acquire and remediate the AmeriGas property.

In addition to their existing efforts to improve State Fair Park's financial condition for the long term, the State Fair Park Board and staff are considering other options to increase revenues and begin reducing the accumulated cash deficit. These include the potential development of 15.28 acres of the fairgrounds bordering I-94. Profits from this development would be used to reduce the current cash deficit.

Annual Milwaukee Mile License Fees	
Year	Annual Fee
2006	\$246,000
2007	\$1,822,000
2008-2015	1,842,000
2016-2023	1,717,000

### Exposition Center

In its most recently audited financial statements, the not-for-profit Wisconsin Exposition Center reported a loss of \$668,000. Continuing losses and cash flow problems have led the Exposition Center to seek a refinancing arrangement for the remaining \$40.8 million in bonds used to finance facility construction.

Increasing debt service payments for the program revenue-supported bonds that financed various construction projects have contributed to State Fair Park's financial losses. For example, since FY 2001-02, annual debt service payments funded by program revenues have increased 56.5 percent. They totaled \$3.4 million in FY 2005-06.

One provision in the 2005 license agreement is a four-year land exchange option under which Milwaukee Mile Holdings can acquire 9.35 acres of State Fair Park property for development. To do so, the promoter was to have acquired and remediated a separate piece of

The proposed refinancing agreement is expected to provide for a lower interest rate, which is anticipated to reduce annual debt service

Additional construction projects that would increase program revenue-funded debt service costs will need to be closely scrutinized. We believe State Fair Park should continue to carefully monitor its financial condition, especially related to capital projects.

*Time schedule?*

*Did they take it back?*