



TAX PROJECTION STUDY - DRAFT

Wisconsin Center District

MILWAUKEE, WISCONSIN

SUBMITTED TO:

Mr. Paul Upchurch
Visit Milwaukee
648 North Plankinton Avenue, Suite 220
Milwaukee, Wisconsin, 53203-2917
pupchurch@milwaukee.org
+1 (414) 287-4233

PREPARED BY:

HVS Convention, Sport& Entertainment
Facilities Consulting
205 West Randolph
Suite 1650
Chicago, Illinois 60606
+1 (312) 587-9900



205 West Randolph
Suite 1650
Chicago, Illinois 60610
+1 312-587-9900
+1 312-587-9909 FAX
www.hvs.com

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April 15, 2019

Mr. Paul Upchurch
Visit Milwaukee
648 North Plankinton Avenue, Suite 220
Milwaukee, Wisconsin, 53203-2917
Email: pupchurch@milwaukee.org

Re: Wisconsin Center District Tax Projection Study
Milwaukee, Wisconsin

Dear Mr. Upchurch:

Pursuant to our engagement, HVS Convention, Sports & Entertainment Facilities Consulting (HVS) has projected the amount of District Tax Revenue that may be available to pay debt service after payment of the outstanding debt. The attached report explains the methods used to make the projections and discusses the results.

The projections of District Tax Revenues are based on year-to-date information, certain historical trends, and other assumptions. Use of trends and assumptions usually results in differences between the projected results and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. The findings presented herein reflect the analysis of primary and secondary sources of information. HVS utilized sources deemed to be reliable but cannot guarantee their accuracy.

It has been a pleasure working with you. We look forward to hearing your comments.

Sincerely,
HVS Convention, Sports & Entertainment
Facilities Consulting

Draft
Thomas Hazinski
Managing Director

Draft
Brian Harris
Senior Director

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1. Introduction and Executive Summary

Scope of Work

Visit Milwaukee engaged HVS Convention, Sports & Entertainment Facilities Consulting (“HVS”) to analyze the revenues from The Wisconsin Center District (the “District”) taxes. HVS projected the collections by DOR of the Countywide Basic Room Tax, Citywide Additional Room Tax, Countywide Food and Beverage Tax, and Countywide Local Rental Car Tax for the next 42 years (FY2019 through FY2060). The purpose of this Tax Projection Study is to present projections of the available Restricted and Unrestricted District Tax Collections after payment of the existing debt service.

The District owns and operates the Wisconsin Center with 188,695 square feet of contiguous exhibition space, a 37,506 square-foot ballroom, and 39,364 square feet of meeting space. The District also owns and operates the 12,000-seat UW-Milwaukee Panther Arena and the 2,500-4,100 seat Miller High Life Theatre. The District owns the 17,500-seat Fiserv Forum, but the facility is operated, maintained, and managed by the NBA Milwaukee Bucks organization.

District Taxes

The District is a “local exposition district” with limited taxing powers, as created under 1993’s Wisconsin Act 263. The District was established to assume ownership of the existing convention and entertainment facilities at that time and to construct and expand such facilities in the future. District Taxes, which include: (i) Basic Room Tax, (ii) Additional Room Tax, (iii) F&B Tax, and (iv) Local Rental Car Tax, are currently pledged to pay debt service on outstanding District bonds. These taxes also support the operations of District facilities and contribute to the funding of the operations of Visit Milwaukee.

Figure 1-1 below summarizes District Taxes rates.

**FIGURE 1-1
SUMMARY OF TAX RATES**

| Tax | Taxing Area | Current Rate | Maximum Rate |
|--|-------------------|--------------|--------------|
| Basic Room | Milwaukee County | 2.50%* | 3.00% |
| Additional Room | City of Milwaukee | 7.00% | 7.00% |
| Food & Beverage | Milwaukee County | 0.50%** | 0.50% |
| Local Rental Car | Milwaukee County | 3.00% | 4.00% |
| <i>* increased from 2.0% in January 2011</i> | | | |
| <i>** increased from 0.25% in July 2010</i> | | | |

Source: District

The Basic Room Tax, the F&B Tax, and the Local Rental Car Tax are levied within the jurisdiction of the County. The Additional Room Tax is levied in the City which is wholly within the County.

. The calculations presented in this study were completed per the definitions outlined in the General Resolution as adopted by the Board of Directors on December 20, 1995, as amended.

Methodology

HVS performed the following tasks:

- Analyzed the economy and demographics of the Milwaukee market and hotel lodging demand generators that may affect District Tax Collections.
- Reviewed and analyzed data on historical tax collections provided by the District for the years 2000 to the present.
- Reviewed the authorizing legislation for the District and District collections procedures and incorporated them into this analysis.
- Projected through a three- to five-year period based on supply and demand and thereafter used reasonable assumptions regarding average annual growth rates to forecast future years for revenues from the Basic Room Tax, the Additional Room Tax, the F&B Tax, and the Local Rental Car Tax for 42 years beginning in 2019.

HVS staff collected and analyzed all information contained in this study. HVS sought out reliable sources, and HVS deemed information obtained from third parties to be accurate.

Definitions

This study uses the following defined terms:

“Act 60” means the 2015 Wisconsin Act 60 passed by the Senate and State Assembly, signed into law on August 12, 2015, and effective on August 14, 2015.

“Administrative Fees” means those fees paid to the DOR for the administration of District Taxes.

“Additional Room Tax,” as defined in Section 3 of this report.

“Additional Room Tax Collections” represent the collections of the DOR for liabilities relating to the Additional Room Tax occurring in the listed year before the removal of Administrative Fees from the total.

“Administrative Fees Refund” means the amounts of Administrative Fees more than the DOR cost of collections that are refunded to the District.

“Available District Revenue” means District Tax Distributions for any given Bond Year.

“Available Room Nights” means for a given period, the cumulative total of hotel rooms available for rental during each day in the period.

“Average Annual Daily Room Rate” or “ADR” means Gross Room Revenue divided by the total amount of Occupied Hotel Room Nights for any calendar year.

“Basic Room Tax” as defined in Section 3 of this report

“Basic Room Tax Collections” represent the collections of the DOR for liabilities relating to the Basic Room Tax occurring in the listed year before the removal of Administrative Fees from the total.

“Bond Year” means the calendar year for which District Tax Distributions are available. For example, Bond Year 2018 would include District Tax Distributions for the period January 2018 through December 2018 and District Tax Collections from the period October 15th, 2017 through October 14th, 2018.

“City” means the City of Milwaukee, Wisconsin.

“County” means the County of Milwaukee, Wisconsin.

“District Taxes” means the Basic Room Tax, the Additional Room Tax, the F&B Tax, and the Local Rental Car Tax.

“District Tax Distributions” or “Aggregate Tax Revenue” means the taxes received by the District as reported by the month in which the District receives the money.

“District Tax Collections” means the taxes received by the District as reported by the month in which the liability occurs. This number is equal to Total Tax Collections minus Net Administrative Fees.

“DOR” means the Department of Revenue of the State of Wisconsin.

“Effective Annual Average Daily Room Rate” or “EDR” means the total amount of Taxable Room Revenue divided by the total amount of Adjusted Occupied Room Nights for any calendar year.

“F&B Tax” as defined in Section 3 of this report.

“F&B Tax Collections” represent the collections of the DOR for liabilities relating to the Food & Beverage Tax occurring in the listed year before the removal of Administrative Fees from the total.

“Fiscal Year” is a calendar year ending December 31.

“Great Recession” means the recession which began in December 2007 and ended in June 2009 related to the financial crisis of 2007-08.

“Gross Room Revenue” means the amounts of revenue received by operators of lodging establishments for the rental of hotel rooms or other lodging facilities and reported to Smith Travel Research.

“Local Rental Car Tax” as defined in Section 3 of this report.

“Local Rental Car Tax Collections” represent the collections of the DOR for liabilities relating to the Rental Car Tax occurring in the listed year before the removal of Administrative Fees from the total.

“Net Administrative Fees” means the Administrative Fees collected by the State less the Administrative Fees Refund.

“Net District Tax Distributions” represent the distributions by DOR of the Basic Room Tax, Additional Room Tax, F&B Tax, and Local Rental Car Tax for a given period after payment of the Net Administrative Fees.

“Occupancy Rate” means the number of Occupied Room Nights divided by the number of Available Room Nights for any given calendar year.

“Occupied Room Nights” means for a given period, a cumulative total of hotel rooms rented by paying guests during each day in the period.

“Rate Adjusted District Tax Collections” means the sum of the rate adjusted Basic Room Tax, the Additional Room Tax, the rate adjusted F&B Tax, and the Local Rental Car Tax before Administrative Fees for a given period.

“Restricted Tax Revenue” means collections by DOR of the Basic Room Tax, the F&B Tax, and the Local Rental Car Tax which can only be used for the payment of debt.

“Taxable Room Revenue” means the amount of revenue subject to the District Taxes. This number is calculated by dividing the tax Revenue by the tax rate.

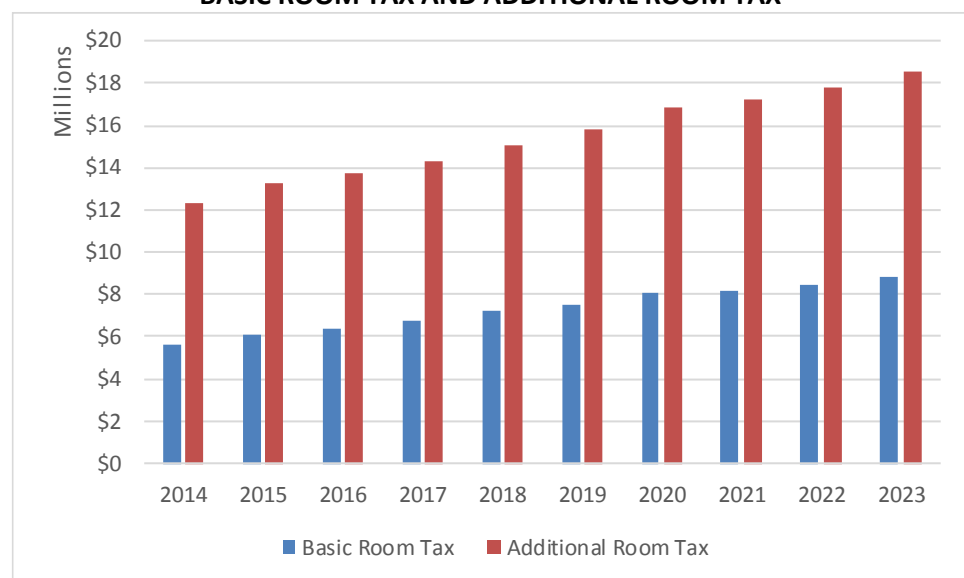
“Total Gross Tax Collections” is the total amount of Historical District Tax collected by the DOR on behalf of the District. Numbers are reported for the time period during which the liabilities occur.

“Unrestricted Tax Revenue” means the Additional Room Tax collection which can be used for any legal purpose including the payment of debt.

Summary of Projections

The following Figure 1-2 shows five years of historical collection for the Basic Room Tax and the Additional Room Tax and five years of projections.

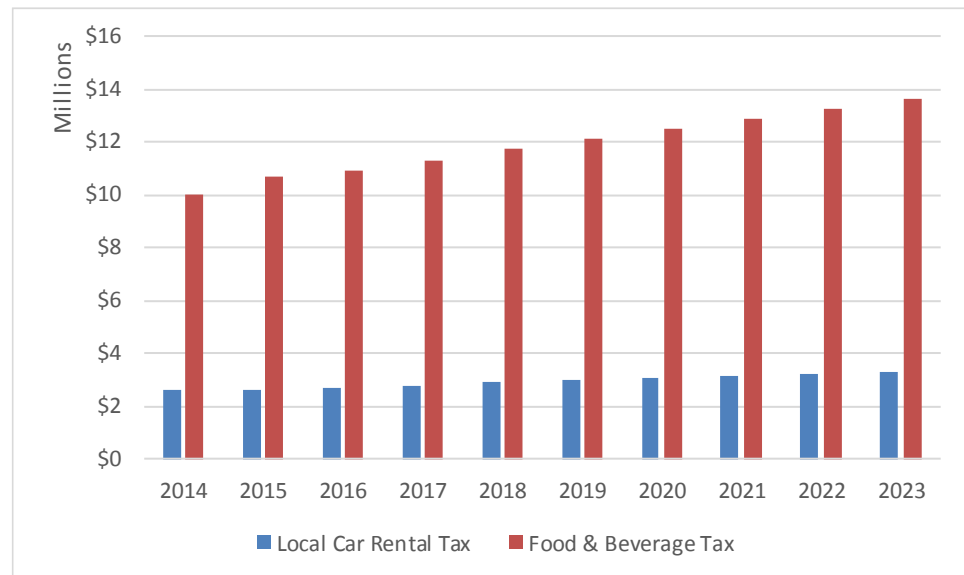
FIGURE 1-2
HISTORICAL AND PROJECTED COLLECTIONS
BASIC ROOM TAX AND ADDITIONAL ROOM TAX



Sources: Historical District & Projected HVS

The following Figure 1-3 shows five years of historical collection for the Food & Beverage Tax and the Local Car Rental Tax and five years of projections.

FIGURE 1-3
HISTORICAL AND PROJECTED COLLECTIONS
FOOD & BEVERAGE TAX AND LOCAL CAR RENTAL TAX



Sources: Historical District & Projected HVS

The projection of strong growth in Net District Tax Collections in 2020 is due to growth induced by new supply and to the one-time events of the Democratic National Convention and the Ryder Cup. Growth slows in 2021 because of the one-time growth in room night demand in 2020. Growth in room night demand returns to the market in 2022. From 2023 through 2026, room night demand increases due to the additional demand from the expansion of the Wisconsin Center which is expected to exceed 100,000 room nights.

The following Figure 1-4 summarizes the long-term projections of Restricted and Unrestricted Tax Revenue available for future debt service.

FIGURE 1-4
PROJECTED RESTRICTED AND UNRESTRICTED TAX REVENUE
AVAILABLE FOR FUTURE DEBT SERVICE (\$ THOUSANDS)

| Bond Year | Net District Tax Distributions | Total Senior Lien Debt Service * | Total Junior Lien Debt Service * | Aggregate Debt Service ¹ | Available to District |
|-----------|--------------------------------|----------------------------------|----------------------------------|-------------------------------------|-----------------------|
| 2019 | \$37,817 | \$7,920 | \$16,316 | \$24,236 | \$13,581 |
| 2020 | 39,740 | 7,910 | 17,205 | 25,115 | 14,625 |
| 2021 | 40,673 | 7,400 | 18,271 | 25,671 | 15,002 |
| 2022 | 42,003 | 7,400 | 18,698 | 26,098 | 15,905 |
| 2023 | 43,569 | 7,400 | 18,684 | 26,084 | 17,485 |
| 2024 | 45,198 | 7,400 | 18,682 | 26,082 | 19,116 |
| 2025 | 46,888 | 7,400 | 18,670 | 26,070 | 20,818 |
| 2026 | 48,496 | 7,400 | 18,669 | 26,069 | 22,428 |
| 2027 | 50,085 | 7,400 | 18,661 | 26,061 | 24,025 |
| 2028 | 51,727 | 7,305 | 6,194 | 13,499 | 38,228 |
| 2029 | 53,368 | 7,310 | 6,176 | 13,486 | 39,882 |
| 2030 | 55,064 | 7,305 | 6,165 | 13,470 | 41,593 |
| 2031 | 56,814 | 7,310 | 6,146 | 13,456 | 43,358 |
| 2032 | 58,623 | 7,310 | 6,132 | 13,442 | 45,180 |
| 2033 | 60,491 | 8,840 | 3,383 | 12,223 | 48,268 |
| 2034 | 62,420 | 8,835 | 3,382 | 12,217 | 50,203 |
| 2035 | 64,414 | 8,840 | 3,383 | 12,223 | 52,191 |
| 2036 | 66,473 | 8,840 | 3,385 | 12,225 | 54,248 |
| 2037 | 68,602 | 8,835 | 3,383 | 12,218 | 56,383 |
| 2038 | 70,799 | 8,840 | 3,384 | 12,224 | 58,575 |
| 2039 | 73,071 | 8,835 | 3,385 | 12,220 | 60,851 |
| 2040 | 75,419 | 8,835 | 3,382 | 12,217 | 63,202 |
| 2041 | 77,845 | 8,835 | 3,383 | 12,218 | 65,626 |
| 2042 | 80,350 | 8,835 | 3,385 | 12,220 | 68,130 |
| 2043 | 82,939 | 8,835 | 3,381 | 12,216 | 70,723 |
| 2044 | 85,614 | 8,835 | 3,381 | 12,216 | 73,398 |
| 2045 | 88,379 | 8,835 | 3,385 | 12,220 | 76,158 |
| 2046 | 91,235 | 8,840 | 3,383 | 12,223 | 79,011 |
| 2047 | 94,186 | 0 | 0 | 0 | 94,186 |
| 2048 | 97,234 | 0 | 0 | 0 | 97,234 |
| 2049 | 100,386 | 0 | 0 | 0 | 100,386 |
| 2050 | 103,641 | 0 | 0 | 0 | 103,641 |
| 2051 | 107,006 | 0 | 0 | 0 | 107,006 |
| 2052 | 110,482 | 0 | 0 | 0 | 110,482 |
| 2053 | 114,073 | 0 | 0 | 0 | 114,073 |
| 2054 | 117,784 | 0 | 0 | 0 | 117,784 |
| 2055 | 121,620 | 0 | 0 | 0 | 121,620 |
| 2056 | 125,584 | 0 | 0 | 0 | 125,584 |
| 2057 | 129,680 | 0 | 0 | 0 | 129,680 |
| 2058 | 133,913 | 0 | 0 | 0 | 133,913 |
| 2059 | 138,287 | 0 | 0 | 0 | 138,287 |
| 2060 | 142,809 | 0 | 0 | 0 | 142,809 |

* Baird March 8, 2019

¹ calculated in accordance with the terms and provisions of the General Resolution

2. Market Trends

Introduction

HVS analyzed market trends in the hotel, rental car, and food and beverage industries. Market trends inform our projection of District Tax Collections.

Hotel Lodging

HVS gathered data on historical room supply, recent and proposed hotel development, seasonal patterns in the market, and historical trends since the year 2000.

HVS relied on data purchased from Smith Travel Research (“STR”) to measure lodging supply and demand. While STR provides the most comprehensive source of information on hotel supply, demand, and revenue, it has some limitations. Not all hotels report their data. The STR data for the County and the City involves estimation of the Available Room Nights, Occupied Room Nights, and Gross Room Revenue of non-reporting properties. STR also relies on the accuracy of hotels that report the data but does not verify the accuracy of each report. STR produced the report on March 26, 2019.

Notwithstanding, STR data provide the best available data on hotel supply and demand. To test its reliability for use in this study, HVS compared STR estimates of Gross Room Revenue to Taxable Room Revenue provided by the District. Figure 2-1 below shows this comparison.

FIGURE 2-1
COMPARISON OF TAXABLE ROOM REVENUE AND GROSS ROOM REVENUE (\$ MILLIONS)

| Calendar Year | City of Milwaukee | | | | Milwaukee County | | | |
|--|------------------------------|--------------------------|----------|---------------------|------------------------------|--------------------------|----------|---------------------|
| | Taxable Room Revenue * | Gross Room Revenue | Variance | Percent Variance | Taxable Room Revenue * | Gross Room Revenue | Variance | Percent Variance |
| 2000 | \$89.4 | \$120.0 | | | \$123.0 | \$151.8 | | |
| 2001 | 98.0 | 118.6 | (\$20.6) | -17.4% | 134.6 | 152.0 | (\$17.3) | -11.4% |
| 2002 | 99.3 | 120.9 | (21.5) | -17.8% | 134.1 | 151.5 | (17.3) | -11.4% |
| 2003 | 102.7 | 120.2 | (17.5) | -14.5% | 135.7 | 150.6 | (14.9) | -9.9% |
| 2004 | 100.8 | 122.6 | (21.8) | -17.8% | 135.9 | 153.4 | (17.5) | -11.4% |
| 2005 | 110.6 | 133.3 | (22.7) | -17.0% | 148.0 | 165.6 | (17.6) | -10.6% |
| 2006 | 120.2 | 147.3 | (27.2) | -18.4% | 158.8 | 183.2 | (24.4) | -13.3% |
| 2007 | 125.3 | 154.8 | (29.5) | -19.0% | 166.2 | 191.9 | (25.6) | -13.4% |
| 2008 | 132.7 | 167.2 | (34.6) | -20.7% | 180.4 | 208.5 | (28.1) | -13.5% |
| 2009 | 108.2 | 135.9 | (27.7) | -20.4% | 147.5 | 172.2 | (24.7) | -14.4% |
| 2010 | 132.9 | 156.4 | (23.4) | -15.0% | 178.8 | 198.4 | (19.6) | -9.9% |
| 2011 | 142.0 | 165.9 | (24.0) | -14.4% | 188.0 | 210.6 | (22.7) | -10.8% |
| 2012 | 149.7 | 174.8 | (25.1) | -14.3% | 196.3 | 220.6 | (24.3) | -11.0% |
| 2013 | 162.8 | 189.1 | (26.3) | -13.9% | 212.3 | 237.0 | (24.7) | -10.4% |
| 2014 | 176.4 | 204.9 | (28.6) | -13.9% | 225.7 | 253.5 | (27.8) | -11.0% |
| 2015 | 189.2 | 217.5 | (28.4) | -13.0% | 243.0 | 268.8 | (25.7) | -9.6% |
| 2016 | 196.6 | 230.2 | (33.7) | -14.6% | 255.3 | 288.3 | (33.0) | -11.4% |
| 2017 | 204.4 | 243.6 | (39.1) | -16.1% | 268.6 | 309.1 | (40.5) | -13.1% |
| 2018 | 215.7 | 253.9 | (38.2) | -15.1% | 287.3 | 326.6 | (39.4) | -12.1% |
| Average Percentage Variance Last 18 Years | | | | -16.3% | | | | |
| Average Percentage Variance Last 10 Years | | | | -15.1% | | | | |
| *District Taxable Room Revenue was calculated using the month of collection by DOR | | | | | | | | |

Sources: District and STR

DOR reports Taxable Room Revenue by the month in which the tax liability occurs in the City or County. Similarly, STR estimates Gross Room Revenue in the month of the guest stay which coincides with the month of tax liability. Within the City, historical Taxable Room Revenue was, on average over the last 18 years, 16.3% less than STR estimates of Gross Room Revenue. Within the County, historical Taxable Room Revenues were, on average over the last 18 years, 11.6% less than STR Gross Room Revenue.

Factors that cause the variance include: 1) hotel room revenue that is not subject to the tax such as long-term stays or guests who are exempt from the tax, 2) differences in the lodging properties included in the data sets, 3) timing differences in the reporting of sales and taxes, and 4) possible estimation errors in the STR estimate of Gross Room Revenue.

Figure 2-2 below shows the inventory of hotels and the number of rooms within the City and the County.

**FIGURE 2-2
HOTEL LODGING SUPPLY**

| City of Milwaukee | | | Milwaukee County | | |
|-------------------|----------------------|-----------------|------------------|----------------------|-----------------|
| Size of Hotel | Number of Properties | Number of Rooms | Size of Hotel | Number of Properties | Number of Rooms |
| 0-50 | 7 | 244 | 0-50 | 15 | 461 |
| 51-100 | 18 | 1,363 | 51-100 | 27 | 2,150 |
| 101-150 | 22 | 2,734 | 101-150 | 39 | 4,773 |
| 151-200 | 10 | 1,665 | 151-200 | 11 | 1,863 |
| 201-250 | 4 | 889 | 201-250 | 4 | 889 |
| >250 | 4 | 1,898 | >250 | 4 | 1,898 |
| | 65 | 8,793 | | 100 | 12,034 |

Source: STR

According to STR reports, there are 65 hotels in the City and 100 hotels in the County as a whole. Over 73% of County's hotel rooms are within the City because on average City hotels are larger including, 18 of the 19 hotels 150 or more rooms.

A significant amount of new room supply was added to the market over the past four years, as shown in Figure 2-3 below.

**FIGURE 2-3
RECENT HOTEL DEVELOPMENTS IN THE COUNTY**

| Hotel Property | Location | Date Opened | Number of Rooms |
|--|----------------|-------------|-----------------|
| Hampton Inn Milwaukee Franklin | Franklin, WI | Aug 2015 | 100 |
| Hampton Inn Milwaukee West | West Allis, WI | Nov 2015 | 101 |
| Home2 Suites by Hilton Milwaukee Airport | Milwaukee, WI | Mar 2016 | 110 |
| Kimpton Journeyman Hotel | Milwaukee, WI | Jun 2016 | 158 |
| Springhill Suites Milwaukee Downtown | Milwaukee, WI | Jul 2016 | 155 |
| Residence Inn Milwaukee West | Wauwatosa, WI | Dec 2016 | 127 |
| The Westin Milwaukee | Milwaukee, WI | Jun 2017 | 220 |
| Homewood Suites by Hilton Wauwatosa Milwaukee | Wauwatosa, WI | Oct 2017 | 146 |
| Homewood Suites by Hilton Milwaukee Downtown | Milwaukee, WI | Nov 2017 | 94 |
| Residence Inn Milwaukee North Glendale | Glendale, WI | Nov 2017 | 83 |
| TownePlace Suites Milwaukee Oak Creek | Oak Creek, WI | Apr 2018 | 112 |
| Hyatt Place Milwaukee Downtown | Milwaukee, WI | Jun 2018 | 150 |
| Total New Hotel Rooms Developed 2015 through 2018 | | | 1,556 |

Source: STR

The supply of hotel rooms increased by roughly 15% in the County and 11% in the City over the last four years. Approximately 57% of the increase in new rooms are in the City.

The following Figure 2-4 below shows the continued growth in the supply of hotels rooms in the market.

FIGURE 2-4
HOTELS UNDER CONSTRUCTION OR DEVELOPMENT IN THE COUNTY

| Property | City | Status | Rooms | Opening |
|--|----------------|--------------------|--------------|-------------|
| Springhill Suites Milwaukee West Wauwatosa | Wauwatosa | Under Construction | 119 | Spring 2019 |
| Drury Plaza Hotel Milwaukee Downtown | Milwaukee | Under Construction | 227 | Summer 2019 |
| Potowatomi Hotel - Second Tower | Milwaukee | Under Construction | 119 | August 2019 |
| Cambria hotel & suites Milwaukee Downtown | Milwaukee | Under Construction | 132 | Fall 2019 |
| Home2 Suites by Hilton | West Allis | Under Construction | 125 | Sept. 2019 |
| Renaissance Marriott Mayfair | Wauwatosa | Development | 196 | May 2020 |
| Fairfield Inn West Milwaukee | West Milwaukee | Development | 108 | May 2020 |
| The Milwaukee Athletic Club Expansion | Milwaukee | Development | 36 | June 2020 |
| Kinn "2" Boutique Hotel DT | Milwaukee | Development | 62 | June 2020 |
| Ascendent Holdings/Provenance Hotels | Milwaukee | Development | 220 | June 2020 |
| Holiday Inn Express Milwaukee Downtown | Milwaukee | Development | 115 | July 2020 |
| Home2 Suites/Tru Downtown Milwaukee | Milwaukee | Development | 213 | July 2020 |
| Total Hotel Rooms under Construction or Development | | | 1,672 | |

Sources: Visit Milwaukee, HVS

The hotels under construction or development are expected to add 2.6% to the County's room night supply in 2019, 7.2% in 2020, and 3.6% in 2021. The City's room night supply is expected to grow faster than the overall county with a growth of 3.1% in 2019, 7.5% in 2020, and 4.1% in 2021.

The following Figure 2-5 shows the long-term growth in the number of room nights available in the City and County. Available room nights are the number of hotel rooms in the market multiplied by the number of days in which those hotels are open over a given period. This metric provides the most accurate measure of room supply as individual hotels may open, close, or remain partially open for renovations during a year.

**FIGURE 2-5
HISTORIC DATA - AVAILABLE ROOM NIGHTS**

| Calendar Year | City | | County | |
|---------------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|
| | Available Room Nights | % Change Available Room Nights | Available Room Nights | % Change Available Room Nights |
| 1987 | 2,265,855 | | 2,862,265 | |
| 1988 | 2,356,283 | 4.0% | 3,024,508 | 5.7% |
| 1989 | 2,395,495 | 1.7% | 3,105,055 | 2.7% |
| 1990 | 2,422,200 | 1.1% | 3,131,760 | 0.9% |
| 1991 | 2,413,248 | -0.4% | 3,122,808 | -0.3% |
| 1992 | 2,393,700 | -0.8% | 3,108,396 | -0.5% |
| 1993 | 2,356,022 | -1.6% | 3,074,342 | -1.1% |
| 1994 | 2,344,395 | -0.5% | 3,086,041 | 0.4% |
| 1995 | 2,370,791 | 1.1% | 3,099,696 | 0.4% |
| 1996 | 2,341,357 | -1.2% | 3,070,262 | -0.9% |
| 1997 | 2,265,586 | -3.2% | 3,020,599 | -1.6% |
| 1998 | 2,312,212 | 2.1% | 3,085,647 | 2.2% |
| 1999 | 2,366,538 | 2.3% | 3,164,150 | 2.5% |
| 2000 | 2,511,148 | 6.1% | 3,343,644 | 5.7% |
| 2001 | 2,648,644 | 5.5% | 3,560,414 | 6.5% |
| 2002 | 2,659,919 | 0.4% | 3,461,459 | -2.8% |
| 2003 | 2,585,918 | -2.8% | 3,390,758 | -2.0% |
| 2004 | 2,549,074 | -1.4% | 3,354,994 | -1.1% |
| 2005 | 2,539,837 | -0.4% | 3,345,757 | -0.3% |
| 2006 | 2,557,190 | 0.7% | 3,363,110 | 0.5% |
| 2007 | 2,557,190 | 0.0% | 3,363,110 | 0.0% |
| 2008 | 2,591,470 | 1.3% | 3,476,353 | 3.4% |
| 2009 | 2,687,362 | 3.7% | 3,675,285 | 5.7% |
| 2010 | 2,778,714 | 3.4% | 3,805,459 | 3.5% |
| 2011 | 2,807,886 | 1.0% | 3,834,631 | 0.8% |
| 2012 | 2,854,747 | 1.7% | 3,874,172 | 1.0% |
| 2013 | 2,781,577 | -2.6% | 3,764,522 | -2.8% |
| 2014 | 2,879,684 | 3.5% | 3,829,354 | 1.7% |
| 2015 | 2,959,080 | 2.8% | 3,919,321 | 2.3% |
| 2016 | 3,053,891 | 3.2% | 4,069,973 | 3.8% |
| 2017 | 3,149,811 | 3.1% | 4,226,806 | 3.9% |
| 2018 | 3,188,159 | 1.2% | 4,361,044 | 3.2% |
| Average % Change from 1987 | | 1.1% | | 1.4% |
| Average % Change Last 15 Years | | 1.4% | | 1.7% |

In recent years, the number of available rooms nights increased faster than the long-term average annual increase in the City and the County. Both markets experienced robust growth at the turn of the century but saw modest declines in available room nights in the years following the September 11th attacks. The economic downturn in

2007 disrupted increasing growth in room night supply, but growth began again in 2008. Growth continued to 2012, with a modest downturn in 2013, returning to growth in 2014 through 2018. Since 1987, supply grew by an annual average rate of 1.1% in the City and 1.4% in the County.

In addition to the number of hotels and hotel rooms, STR provides estimates for Occupied Room Nights, Gross Room Revenue, and calculates Average Annual Daily Rate or ADR. Figures 2-6 below show STR data for the City from 1987 through 2018, and Figure 2-7 shows STR data for the County from 1987 through 2018.

**FIGURE 2-6
CITY OF MILWAUKEE
HISTORIC OCCUPIED ROOM NIGHTS, ADR, AND GROSS ROOM REVENUE**

| Calendar Year | Occupied Room Nights | % Change | Occupancy | Average Daily Rate | % Change | Gross Room Revenue | % Change |
|------------------------------|----------------------|----------|-----------|--------------------|----------|--------------------|----------|
| 1987 | 1,441,843 | | 63.6% | \$48.98 | | \$70,619,686 | |
| 1988 | 1,538,696 | 6.7% | 65.3% | 50.97 | 4.1% | 78,426,539 | 11.1% |
| 1989 | 1,538,048 | 0.0% | 64.2% | 53.62 | 5.2% | 82,476,356 | 5.2% |
| 1990 | 1,543,924 | 0.4% | 63.7% | 55.90 | 4.2% | 86,300,132 | 4.6% |
| 1991 | 1,469,911 | -4.8% | 60.9% | 55.01 | -1.6% | 80,859,492 | -6.3% |
| 1992 | 1,505,160 | 2.4% | 62.9% | 55.87 | 1.6% | 84,092,125 | 4.0% |
| 1993 | 1,533,684 | 1.9% | 65.1% | 57.49 | 2.9% | 88,166,844 | 4.8% |
| 1994 | 1,548,866 | 1.0% | 66.1% | 59.77 | 4.0% | 92,574,194 | 5.0% |
| 1995 | 1,517,916 | -2.0% | 64.0% | 61.46 | 2.8% | 93,288,160 | 0.8% |
| 1996 | 1,435,197 | -5.4% | 61.3% | 64.61 | 5.1% | 92,721,450 | -0.6% |
| 1997 | 1,430,644 | -0.3% | 63.1% | 68.00 | 5.3% | 97,287,807 | 4.9% |
| 1998 | 1,425,121 | -0.4% | 61.6% | 73.20 | 7.6% | 104,322,297 | 7.2% |
| 1999 | 1,392,199 | -2.3% | 58.8% | 75.94 | 3.7% | 105,728,788 | 1.3% |
| 2000 | 1,500,315 | 7.8% | 59.7% | 79.99 | 5.3% | 120,017,489 | 13.5% |
| 2001 | 1,436,397 | -4.3% | 54.2% | 82.55 | 3.2% | 118,569,567 | -1.2% |
| 2002 | 1,482,141 | 3.2% | 55.7% | 81.55 | -1.2% | 120,868,842 | 1.9% |
| 2003 | 1,485,203 | 0.2% | 57.4% | 80.92 | -0.8% | 120,177,629 | -0.6% |
| 2004 | 1,518,769 | 2.3% | 59.6% | 80.75 | -0.2% | 122,641,007 | 2.0% |
| 2005 | 1,542,450 | 1.6% | 60.7% | 86.43 | 7.0% | 133,309,708 | 8.7% |
| 2006 | 1,592,375 | 3.2% | 62.3% | 92.52 | 7.0% | 147,320,942 | 10.5% |
| 2007 | 1,604,047 | 0.7% | 62.7% | 96.48 | 4.3% | 154,762,607 | 5.1% |
| 2008 | 1,619,994 | 1.0% | 62.5% | 103.22 | 7.0% | 167,212,042 | 8.0% |
| 2009 | 1,429,900 | -11.7% | 53.2% | 95.03 | -7.9% | 135,889,073 | -18.7% |
| 2010 | 1,638,712 | 14.6% | 59.0% | 95.43 | 0.4% | 156,383,080 | 15.1% |
| 2011 | 1,660,407 | 1.3% | 59.1% | 99.93 | 4.7% | 165,927,754 | 6.1% |
| 2012 | 1,701,312 | 2.5% | 59.6% | 102.75 | 2.8% | 174,813,055 | 5.4% |
| 2013 | 1,754,303 | 3.1% | 63.1% | 107.79 | 4.9% | 189,097,729 | 8.2% |
| 2014 | 1,879,833 | 7.2% | 65.3% | 109.02 | 1.1% | 204,935,383 | 8.4% |
| 2015 | 1,908,094 | 1.5% | 64.5% | 114.00 | 4.6% | 217,528,400 | 6.1% |
| 2016 | 1,964,458 | 3.0% | 64.3% | 117.21 | 2.8% | 230,245,375 | 5.8% |
| 2017 | 1,990,847 | 1.3% | 63.2% | 122.35 | 4.4% | 243,584,659 | 5.8% |
| 2018 | 2,068,848 | 3.9% | 64.9% | 122.73 | 0.3% | 253,901,766 | 4.2% |
| Average from 1987 | | 1.2% | 61.6% | | 3.1% | | 4.4% |
| Average Last 15 Years | | 2.4% | 61.6% | | 2.9% | | 5.4% |
| Average Last 10 Years | | 2.3% | 61.6% | | 1.8% | | 4.6% |
| Average Last 5 Years | | 2.3% | 64.4% | | 2.6% | | 6.1% |

Source: STR

The City historical STR data shows a 4.4% average annual growth rate of Gross Room Revenue from 1987, 5.4% for the last 15 years, 4.6% for the last ten years, and 6.1% for the last five years.

**FIGURE 2-7
MILWAUKEE COUNTY
HISTORIC OCCUPIED ROOM NIGHTS, ADR, AND GROSS ROOM REVENUE**

| Calendar Year | Occupied Room Nights | % Change | Occupancy | Average Daily Rate | % Change | Gross Room Revenue | % Change |
|------------------------------|----------------------|----------|-----------|--------------------|----------|--------------------|----------|
| 1987 | 1,812,070 | | 63.3% | \$47.79 | | \$86,604,967 | |
| 1988 | 1,942,316 | 7.2% | 64.2% | 49.13 | 2.8% | 95,426,123 | 10.2% |
| 1989 | 1,956,688 | 0.7% | 63.0% | 51.21 | 4.2% | 100,199,386 | 5.0% |
| 1990 | 1,986,539 | 1.5% | 63.4% | 53.18 | 3.9% | 105,650,296 | 5.4% |
| 1991 | 1,897,356 | -4.5% | 60.8% | 52.82 | -0.7% | 100,210,574 | -5.1% |
| 1992 | 1,945,054 | 2.5% | 62.6% | 53.36 | 1.0% | 103,792,388 | 3.6% |
| 1993 | 1,977,929 | 1.7% | 64.3% | 54.74 | 2.6% | 108,275,877 | 4.3% |
| 1994 | 1,994,416 | 0.8% | 64.6% | 57.05 | 4.2% | 113,783,068 | 5.1% |
| 1995 | 1,966,414 | -1.4% | 63.4% | 58.98 | 3.4% | 115,970,364 | 1.9% |
| 1996 | 1,861,632 | -5.3% | 60.6% | 61.62 | 4.5% | 114,715,511 | -1.1% |
| 1997 | 1,890,639 | 1.6% | 62.6% | 64.20 | 4.2% | 121,386,543 | 5.8% |
| 1998 | 1,906,404 | 0.8% | 61.8% | 68.44 | 6.6% | 130,483,556 | 7.5% |
| 1999 | 1,879,158 | -1.4% | 59.4% | 71.28 | 4.1% | 133,946,587 | 2.7% |
| 2000 | 2,026,019 | 7.8% | 60.6% | 74.92 | 5.1% | 151,783,519 | 13.3% |
| 2001 | 1,975,615 | -2.5% | 55.5% | 76.92 | 2.7% | 151,956,363 | 0.1% |
| 2002 | 1,969,875 | -0.3% | 56.9% | 76.90 | 0.0% | 151,473,984 | -0.3% |
| 2003 | 1,966,835 | -0.2% | 58.0% | 76.57 | -0.4% | 150,601,600 | -0.6% |
| 2004 | 2,008,439 | 2.1% | 59.9% | 76.37 | -0.3% | 153,393,799 | 1.9% |
| 2005 | 2,042,539 | 1.7% | 61.0% | 81.06 | 6.1% | 165,562,172 | 7.9% |
| 2006 | 2,107,056 | 3.2% | 62.7% | 86.94 | 7.3% | 183,183,848 | 10.6% |
| 2007 | 2,108,367 | 0.1% | 62.7% | 91.00 | 4.7% | 191,860,762 | 4.7% |
| 2008 | 2,140,466 | 1.5% | 61.6% | 97.42 | 7.1% | 208,529,303 | 8.7% |
| 2009 | 1,942,119 | -9.3% | 52.8% | 88.68 | -9.0% | 172,235,763 | -17.4% |
| 2010 | 2,256,449 | 16.2% | 59.3% | 87.92 | -0.9% | 198,384,629 | 15.2% |
| 2011 | 2,293,911 | 1.7% | 59.8% | 91.82 | 4.4% | 210,628,637 | 6.2% |
| 2012 | 2,338,101 | 1.9% | 60.4% | 94.36 | 2.8% | 220,617,439 | 4.7% |
| 2013 | 2,384,274 | 2.0% | 63.3% | 99.41 | 5.3% | 237,009,490 | 7.4% |
| 2014 | 2,504,022 | 5.0% | 65.4% | 101.24 | 1.8% | 253,509,725 | 7.0% |
| 2015 | 2,520,125 | 0.6% | 64.3% | 106.65 | 5.3% | 268,773,182 | 6.0% |
| 2016 | 2,628,806 | 4.3% | 64.6% | 109.66 | 2.8% | 288,265,958 | 7.3% |
| 2017 | 2,700,515 | 2.7% | 63.9% | 114.45 | 4.4% | 309,070,482 | 7.2% |
| 2018 | 2,845,489 | 5.4% | 65.2% | 114.79 | 0.3% | 326,642,794 | 5.7% |
| Average from 1987 | | 1.6% | 61.6% | | 2.9% | | 4.5% |
| Average Last 15 Years | | 2.6% | 61.8% | | 2.8% | | 5.5% |
| Average Last 10 Years | | 3.1% | 61.9% | | 1.7% | | 4.9% |
| Average Last 5 Years | | 3.6% | 64.7% | | 2.9% | | 6.6% |

Source: STR

The County historical STR data shows at 4.5% average annual growth rate of Gross Room Revenue from 1987, 5.5% for the last 15 years, 4.9% for the last ten years, and 6.6% for the last five years.

The STR data for the County shows that the market recovered occupancy from a low point of 53% in 2009 to about 65% in 2018, near an all-time high. Historically the market has stabilized at the low 60% occupancy level. ADR recovery has lagged occupancy recovery. ADR exceeded the 2008 peak in 2013 and grew to a new high of \$115 in 2018. When adjusted for inflation, ADR has not yet fully recovered.

The following Figure 2-8 shows the year-to-date through February 2019 as compared to the same period in 2018.

FIGURE 2-8
OCCUPANCY AND ADR CHANGE YEAR-TO-DATE THROUGH FEBRUARY 2019

| | City | | | County | | |
|--------|----------|----------|----------|----------|----------|----------|
| | 2018 | 2019 | % Change | 2018 | 2019 | % Change |
| Demand | 276,453 | 302,337 | 9.4% | 375,747 | 412,588 | 9.8% |
| ADR | \$106.95 | \$112.29 | 5.0% | \$101.74 | \$105.28 | 3.5% |

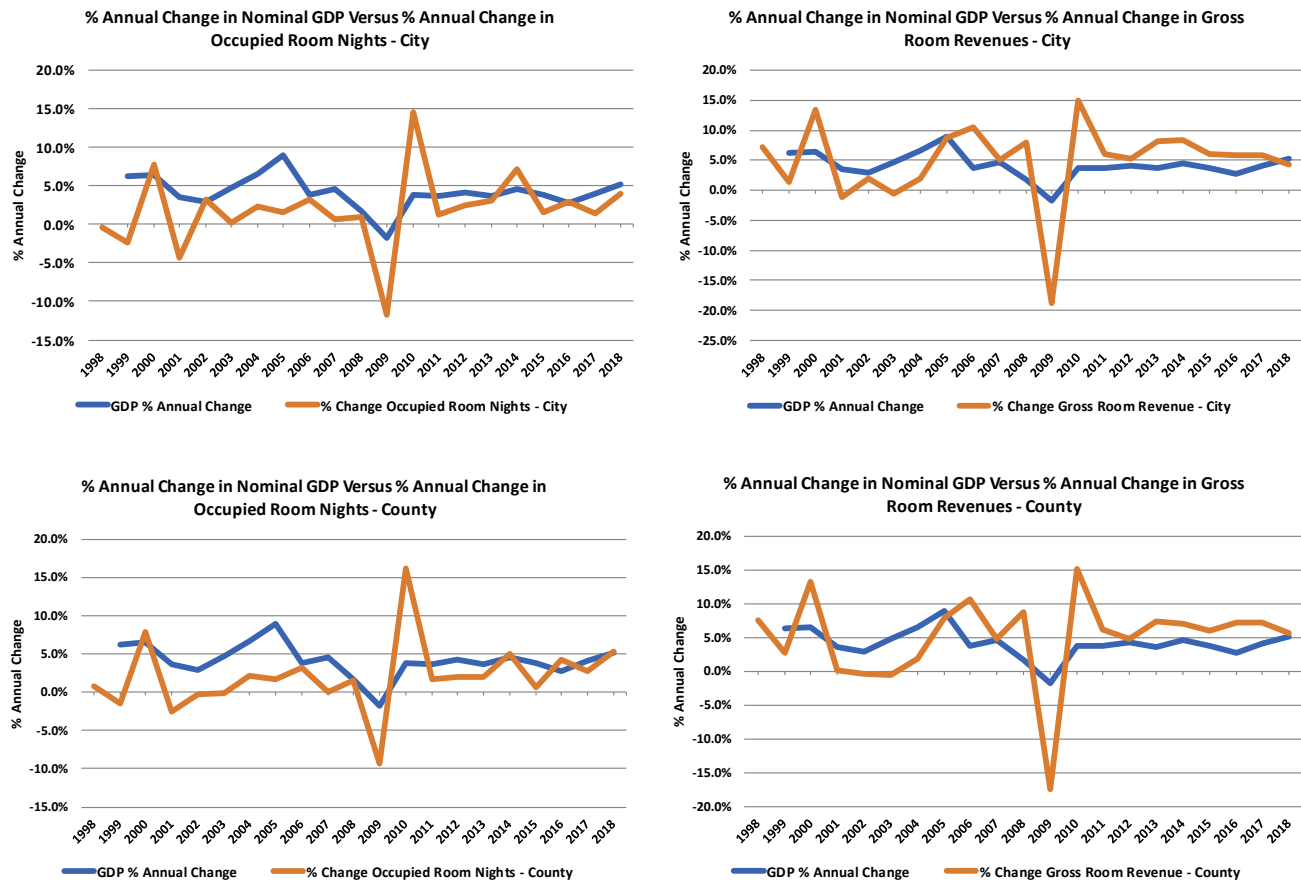
Source: STR

Comparison of Economic Cycles

The hospitality industry is subject to cyclical economic conditions that affect the demand for leisure travel, corporate expense budgets, and transportation costs. During a national economic recession, the hospitality industry can experience a slowdown in demand growth or even temporary contractions of demand. The Bureau of Economic Analysis tracks Gross Domestic Product ("GDP"). GDP measures the growth of the economy. Figures 2-9 below compare the annual percent change in GDP to the annual percent change in Occupied Room Nights and Gross Room Revenue for both the City and the County.

FIGURE 2-9

HISTORIC CHANGE IN GDP VS. OCCUPIED ROOM NIGHTS AND REVENUE



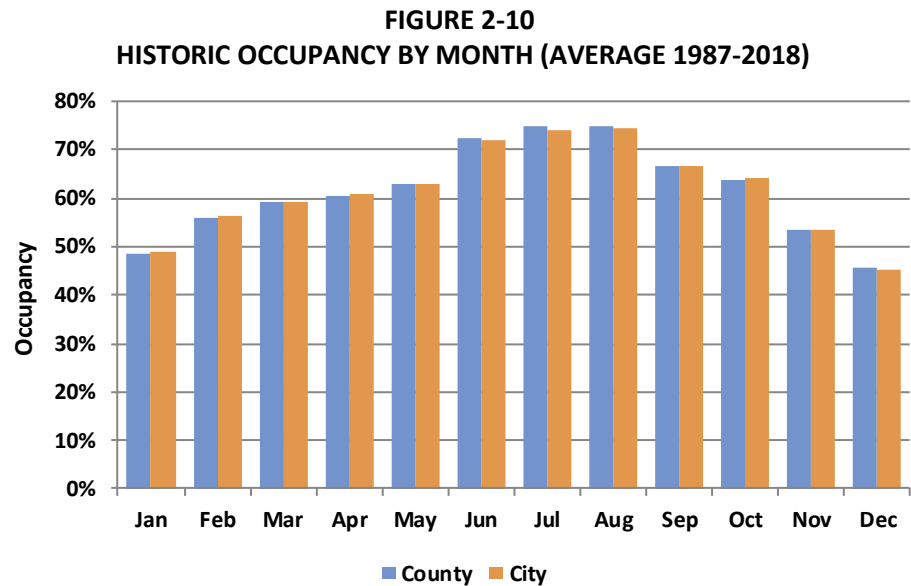
Sources: Bureau of Economic Analysis and STR

In the aftermath of the 2001 recession, Occupied Room Nights and District Tax Distributions continued to grow, albeit at lower rates than historical levels. The most recent “Great Recession” caused the worst economic decline in U.S. history since the Great Depression and its negative impact on lodging demand and ADR in both the City and the County were much more severe than the 2001 recession. In 2009, Occupied Room Nights declined by 11.7% in the City and 9.3% in the County. ADR declined by 7.9% in the City and 9.0% in the County, causing declines in Gross Room Revenue of 18.7% and 17.4% respectively. Occupied Room Nights recovered quickly and now exceed pre-recession highs in the City and the County. The market recovered quickly establishing a new high in room night demand in 2010 and continued to set new annual records through 2018.

Like after the 2001 recession, hotels planned before the recession opened, adding to the number of Available Room Nights, and further suppressing ADR growth. The City and County ADR exceeded its previous 2008 peak in the calendar year 2013 and continued to set new highs through 2018 and are higher year-to-date in 2019.

Seasonal Patterns

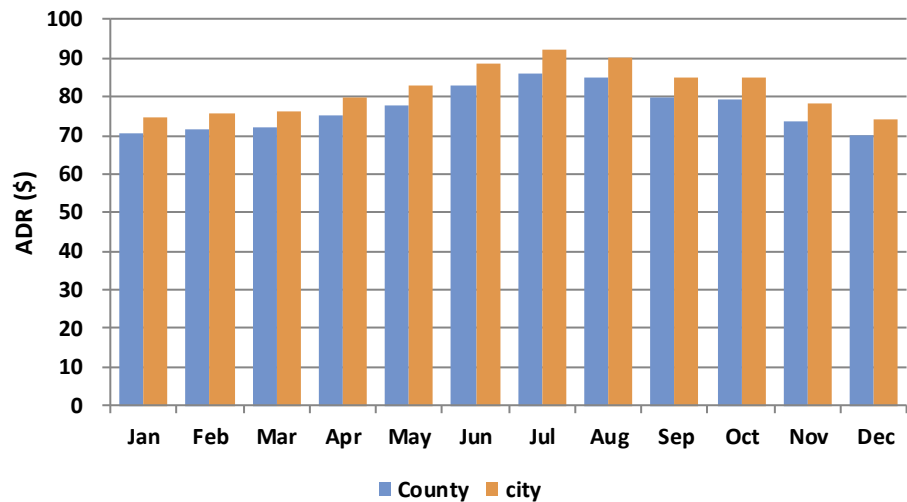
Hotel occupancy and ADR follow a highly predictable seasonal pattern as shown in Figures 2-10 and 2-11 below. Understanding these patterns is important in predicting the timing of distribution of taxes to the District.



Source: STR

Summer is the peak season of occupancy. Occupancy typically increases by nearly 30 percentage points, from a rate in the mid-40s in December to approximately 75% in July.

FIGURE 2-11
HISTORIC ADR BY MONTH (AVERAGE 1987-2018)



Source: STR

ADR reaches peak rate during summer. ADR increases by approximately 16 dollars between December and July.

Rental Cars

HVS analyzed the historical market for car rentals. The auto rental agencies in the County file local rental car tax returns with the DOR.

Airport passengers generate most of the demand for auto rentals in Milwaukee. Deplaning or arriving visitors are more likely to rent a car than those enplaned or departing passengers, as they will be present in the market. Figure 2-12 below shows historical deplanements as tracked by General Mitchell International Airport ("MKE").

FIGURE 2-12
HISTORIC DEPLANEMENTS
GENERAL MITCHELL INTERNATIONAL AIRPORT

| Year | Historical Deplanements | % Change |
|------|----------------------------|----------|
| 1998 | 2,745,084 | |
| 1999 | 2,919,481 | 6.4% |
| 2000 | 3,036,666 | 4.0% |
| 2001 | 2,788,106 | -8.2% |
| 2002 | 2,797,840 | 0.3% |
| 2003 | 3,067,702 | 9.6% |
| 2004 | 3,329,850 | 8.5% |
| 2005 | 3,638,446 | 9.3% |
| 2006 | 3,657,791 | 0.5% |
| 2007 | 3,844,437 | 5.1% |
| 2008 | 3,956,203 | 2.9% |
| 2009 | 3,953,253 | -0.1% |
| 2010 | 4,920,819 | 24.5% |
| 2011 | 4,761,504 | -3.2% |
| 2012 | 3,734,755 | -21.6% |
| 2013 | 3,258,872 | -12.7% |
| 2014 | 3,275,332 | 0.5% |
| 2015 | 3,271,997 | -0.1% |
| 2016 | 3,374,086 | 3.1% |
| 2017 | 3,452,126 | 2.3% |
| 2018 | 3,548,840 | 2.8% |

Source: General Mitchell International Airport

The airport recovered from the 2001 decline in deplanements within two years and experienced growth through 2008. The 2009 recession briefly lowered deplanements, but a strong recovery in 2010 indicates that the airport continues to experience growth. In 2010, Frontier Airlines made MKE one of their hubs, significantly increasing passenger traffic. In 2012, Frontier Airlines closed its hub at MKE, resulting in a reduction in passenger traffic to pre-2010 levels. The increase in deplanements in 2010 and the reduction in 2012 due to Frontier Airlines opening and closing a hub did not significantly impact car rental receipts because airline customer passengers through MKE to another destination count as deplaned customers but never leave the airport.

Car rentals at the airport make up most car rental receipts. Figure 2-13 below shows the change in Airport Rental Car Receipts. Payless Car Rentals closed in June of 2016, and Mayfair Car Rents closed in May of 2016 leaving five car rental companies at the airport. The companies that closed were doing less than 2% of the volume of rentals at the airport.

FIGURE 2-13
HISTORIC AIRPORT RENTAL CAR RECEIPTS (\$ MILLIONS)

| Year | Airport Rental Car Receipts (millions) | % Change Receipts |
|------|--|-------------------|
| 2007 | \$64.9 | |
| 2008 | 68.7 | 5.9% |
| 2009 | 59.9 | -12.8% |
| 2010 | 73.7 | 23.0% |
| 2011 | 76.9 | 4.2% |
| 2012 | 75.7 | -1.5% |
| 2013 | 76.4 | 0.9% |
| 2014 | 80.0 | 4.6% |
| 2015 | 81.6 | 2.1% |
| 2016 | 83.6 | 2.4% |
| 2017 | 83.8 | 0.2% |
| 2018 | 87.0 | 3.9% |

Source: General Mitchell International Airport

Airport Rental Car Receipts are for the month in which the liability occurs.

3. Tax History

This section of the Study reviews historical data on the Basic Room Tax, Additional Room Tax, F&B Tax, and the Local Rental Car Tax from 2000 through 2018.

The following Figure 3-1 below shows the major components of the taxes that generate revenue for District Tax Distributions, which pay debt service and fund the operations of the District.

FIGURE 3-1
SUMMARY OF TAX RATES

| Tax | Taxing Area | Current Rate | Maximum Rate |
|---------------------------------------|-------------------|--------------|--------------|
| Basic Room | Milwaukee County | 2.50%* | 3.00% |
| Additional Room | City of Milwaukee | 7.00% | 7.00% |
| Food & Beverage | Milwaukee County | 0.50%** | 0.50% |
| Local Rental Car | Milwaukee County | 3.00% | 4.00% |
| * increased from 2.0% in January 2011 | | | |
| ** increased from 0.25% in July 2010 | | | |

Source: District

The District imposes:

- a 2.5% Basic Room Tax on temporary lodging stays in the County that was raised from on January 1, 2011, from 2.0% to 2.5%. The tax applies to lodging stays shorter than a period of one month.
- a 7.0% Additional Room Tax applies to lodging facilities located in the City. The tax applies to lodging stays shorter than a period of one month.
- a F&B Tax on the sale of food and beverages. On July 1, 2010, the food and beverage tax was raised from 0.25% to 0.5%. The tax applies to sales of candy, soft drinks, prepared foods, and alcoholic beverages consumed on premises.
- a Local Rental Car Tax of 3.0% of taxable gross receipts on local car rentals in the County.

Exemption from the 2.5% Basic Room Tax and the 7.0% Additional Room Tax include sales to the federal government, any recognized American Indian Tribe or

Band, Wisconsin municipalities and schools, certain nonprofits, sales by certain institutions (public schools, colleges, universities, hospitals, sanatoriums, or nursing homes), sales by agency camps operated by corporations or associations organized and operated exclusively for religious, charitable, or educational purposes with no financial benefit to any private shareholder or individual, and sales for resale.

Description of District Taxes

The District imposes its taxes on a seller's taxable gross receipts. Gross receipts are the total amount of the sale or rental price, whether received in money or something other than money. Gross receipts do not include federal, state, and local taxes measured by a stated percentage of the sales price or gross receipts (e.g., the State and County sales tax). The seller may pass taxes imposed by the District onto its customers. However, the seller is subject to the District Taxes even if the tax is not collected from customers. In practice, all District Taxes are "pass-through" taxes, and the legal incidence of the District Taxes is on the customer.

The DOR collects, administers, and enforces the District Taxes. Each taxpayer is required to report its liability for District Taxes to the DOR and to remit the full amount of such taxes, on or before the last day of the month following the end of such taxpayer's reporting period. Initially, each taxpayer has a quarterly reporting period. Depending on the amount of the quarterly tax liability, the DOR may notify a taxpayer that its reporting period has been changed from quarterly to monthly or annually.

Under the Authorizing Legislation, the net amounts collected by the DOR on behalf of the District, less an Administrative Fee or statutory deduction retained by the DOR to cover its administrative expenses, must be paid by the DOR to the District no later than the end of the month following the end of the calendar quarter in which the amounts were collected. The amount of the statutory deduction was reduced from 3.0% to 2.55% in November 1999. Each year, the DOR calculates its actual administrative costs, and to the extent that actual costs are less than the 2.55% statutory deduction, the DOR will refund the difference between actual costs and the amounts deducted for that year.

Restricted Tax Revenue may only be used for the payment of the District's debt services on its bond obligations. Revenue derived from the Unrestricted Tax Revenue are not so limited, but the District has pledged it as payment for its bonds.

Basic Room Tax

The District currently imposes the Basic Room Tax ("Basic Room Tax") at the rate of 2.5% on the gross receipts derived from the furnishing at retail, except sales for resale, of rooms or lodging stock transients by hotelkeepers, motel operators, and other persons furnishing accommodations that are available to the public. For the lodging to qualify as transient, it must be furnished to a person for a continuous

period of less than one month. Subject to certain limited exceptions, the tax is imposed on all such lodging within the District's jurisdiction.

Under the Authorizing Legislation, the District may impose the Basic Room Tax, at a rate not to exceed 3.0% (the maximum rate for the Basic Room Tax) by a vote of the District Board. The Basic Room Tax Rate was raised from 2.0% to 2.5% on January 1, 2011.

In 1994, the District Board adopted a resolution providing that if the balance in a special debt service reserve fund of the District is less than the applicable requirement, the Basic Room Tax rate shall become 3.0% as of the next succeeding January 1, April 1, July 1, or October 1. If any bonds issued by the District and secured by a special debt service reserve fund are outstanding, the increased tax rate must stay in place.

Similarly, the District has covenanted in the Award Resolution for its Series 1999 Junior Bonds that if the balance in the Debt Service Reserve Fund for the Series 1999 Junior Bonds is less than the Debt Service Reserve Fund Requirement for the Series 1999 Junior Bonds, the District shall raise the Basic Room Tax rate to 3.0% as of the next succeeding January 1, April 1, July 1 or October 1 and such tax rate will not be subject to repeal as long as any of the Series 1999 Junior Bonds are outstanding.

Additional Room Tax

The District imposes the Additional Room Tax at the rate of 7.0% on the same tax base as the Basic Room Tax except that it only applies within the City. The 7% rate is the rate that was in effect when the District acquired the convention center and arena buildings from the City. The District adopted the Additional Room Tax on August 24, 1994, which became effective on January 1, 1995.

Under the Authorizing Legislation, the District has no authority to increase the 7.0% Additional Room Tax rate. No increases have been proposed for the Additional Room Tax rate.

Local Food and Beverage Tax

The District currently imposes the Local Food and Beverage Tax ("F&B Tax") at the rate of 0.5% on the gross receipts derived from the sale of food and beverages. Gross receipts include cover, minimum, entertainment, service, or other charges to patrons that are subject to the Wisconsin sales or use tax. Subject to certain limited exceptions, the tax is imposed on all such sales within the District's jurisdiction. A sale is considered to take place whenever possession of the food and beverages transfers from the seller or the seller's agent to the buyer or the buyer's agent. A common carrier and the U.S. Postal Service are deemed agents of the seller regardless of the point of sale and of how the freight or method of payment of the postage.

Under the Authorizing Legislation, the District increased the rate of the Local Food and Beverage Tax from 0.25% to 0.5% effective July 1, 2010, with the vote of most of the authorized members of the District Board. The current rate is the maximum rate allowed under the legislation. The Food and Beverage Tax was modified in October 2009 to apply only to candy, soft, drinks, and prepared food, as well as alcoholic beverages consumed on premises.

Local Rental Car Tax

On establishments within the District's jurisdiction primarily engaged in the business of short-term rental of passenger cars without drivers, the District currently imposes the Local Rental Car tax at the rate of 3.0% on the gross receipts derived from the rental, for 30 days or less, of motor vehicles designed and used principally for carrying persons. A rental is deemed to take place at the location where the motor vehicle comes into the lessee's possession. The rental of a motor vehicle that is exempt from the State sales tax is not subject to the Local Rental Car Tax.

Under the Authorizing Legislation, the maximum rate for the Local Rental Car Tax is 4.0%. The Local Rental Car Tax cannot be raised from 3.0% to 4.0% until the State makes a payment under its moral obligation pledge to a special debt service reserve fund of the District applicable to the 1999 Junior Bonds. If the State makes such payment, most of the District's Board of Directors may vote to increase the rate of the Local Rental Car Tax to 4.0%. In 1995, most of the District's Board voted that if the State makes such payment, the rate of the Local Rental Car Tax will increase to 4.0%. The District's Board will need to re-adopt such increase following a payment by the State.

Basic Room Tax Collections

Historic Basic Room Tax Collections represent the collections by the DOR for liabilities in the listed year before Administrative Fees. The rate adjusted Basic Room Tax assumes the tax rate was always the current 2.5% to provide a better estimate of the annual change in the tax. Figure 3-2 below shows the past nineteen years of historical Basic Room Tax collections and the rate adjusted Basic Room Tax.

FIGURE 3-2
HISTORICAL BASIC ROOM TAX COLLECTIONS

| Calendar Year | Historical | | Rate Adjusted | |
|------------------------------|----------------|----------|------------------------------|----------|
| | Basic Room Tax | % Change | Basic Room Tax Current Rate | % Change |
| 2000 | \$2,460,360 | | \$3,075,450 | |
| 2001 | 2,692,689 | 9.4% | 3,365,861 | 9.4% |
| 2002 | 2,682,761 | -0.4% | 3,353,452 | -0.4% |
| 2003 | 2,713,118 | 1.1% | 3,391,398 | 1.1% |
| 2004 | 2,718,028 | 0.2% | 3,397,534 | 0.2% |
| 2005 | 2,959,062 | 8.9% | 3,698,828 | 8.9% |
| 2006 | 3,175,093 | 7.3% | 3,968,866 | 7.3% |
| 2007 | 3,324,320 | 4.7% | 4,155,400 | 4.7% |
| 2008 | 3,608,095 | 8.5% | 4,510,119 | 8.5% |
| 2009 | 2,950,327 | -18.2% | 3,687,909 | -18.2% |
| 2010 | 3,575,375 | 21.2% | 4,469,219 | 21.2% |
| 2011 | 4,698,986 | 31.4% | 4,698,986 | 5.1% |
| 2012 | 4,908,284 | 4.5% | 4,908,284 | 4.5% |
| 2013 | 5,307,845 | 8.1% | 5,307,845 | 8.1% |
| 2014 | 5,643,580 | 6.3% | 5,643,580 | 6.3% |
| 2015 | 6,075,990 | 7.7% | 6,075,990 | 7.7% |
| 2016 | 6,381,620 | 5.0% | 6,381,620 | 5.0% |
| 2017 | 6,714,419 | 5.2% | 6,714,419 | 5.2% |
| 2018 | 7,181,744 | 7.0% | 7,181,744 | 7.0% |
| Average from 2000 | | 6.6% | Average from 2000 | 5.1% |
| Average Last 10 Years | | 7.8% | Average Last 10 Years | 5.2% |
| Average Last 5 Years | | 6.2% | Average Last 5 Years | 6.2% |

Source: District

Historical Basic Room Tax Collections have grown at an average of 6.6% a year from 2000 through 2018. The increase in the tax rate from 2.0% to 2.5% in 2011 caused a significant increase in receipts.

The rate adjusted Basic Room Tax Collections have grown from 2000 through 2018 at an average rate of 5.1% a year, the last ten years at 5.2% a year, and the last five-years at 6.2% a year, which indicates the potential for future growth in the market.

The historical STR data for the County shows a 5.5% average growth rate for the last 15 years and a 4.9% average annual growth rate for the last ten years in room revenues. The STR historical data on the growth rate for room revenue in the County market supports the historical growth in Basic Room Tax presented above.

**Additional Room Tax
Collections**

Additional Room Tax Collections represent the collections by the DOR occurring in the listed year before Administrative Fees. Figure 3-3 below shows the past nineteen years of Additional Room Tax Collections.

**FIGURE 3-3
ADDITIONAL ROOM TAX COLLECTIONS**

| Calendar Year | Additional Room Tax | % Change |
|------------------------------|---------------------|----------|
| 2000 | \$6,260,790 | |
| 2001 | 6,858,331 | 9.5% |
| 2002 | 6,952,926 | 1.4% |
| 2003 | 7,188,781 | 3.4% |
| 2004 | 7,058,358 | -1.8% |
| 2005 | 7,744,570 | 9.7% |
| 2006 | 8,411,492 | 8.6% |
| 2007 | 8,769,839 | 4.3% |
| 2008 | 9,285,558 | 5.9% |
| 2009 | 7,572,638 | -18.4% |
| 2010 | 9,306,364 | 22.9% |
| 2011 | 9,938,361 | 6.8% |
| 2012 | 10,482,184 | 5.5% |
| 2013 | 11,395,906 | 8.7% |
| 2014 | 12,344,695 | 8.3% |
| 2015 | 13,240,998 | 7.3% |
| 2016 | 13,758,711 | 3.9% |
| 2017 | 14,311,459 | 4.0% |
| 2018 | 15,095,799 | 5.5% |
| Average from 2000 | | 5.3% |
| Average Last 10 Years | | 5.4% |
| Average Last 5 Years | | 5.8% |

Source: District

Additional Room Tax Collections have grown at an average of 5.3% a year from 2000, 5.4% for the last ten years, and 5.8% for the last five years.

The historical STR data for the City shows a 5.4% average growth rate for the last 15 years and a 4.6% average annual growth rate for the last ten years in room revenues. The STR historical data on the growth rate for room revenue in the City market supports the historical growth in the Additional Room Tax presented above.

**Food and Beverage Tax
Collections**

F&B Tax Collections represent the collections by the DOR occurring in the listed year before Administrative Fees. The rate adjusted F&B Tax Collections is calculated assuming the current tax rate of 0.5% was always in place for the purposes of

estimating the annual change without a rate increase. The following Figure 3-4 shows annual changes in collections.

**FIGURE 3-4
F&B TAX COLLECTIONS**

| Calendar Year | Historical | | Rate Adjusted | |
|-----------------------|-------------|----------|---------------------------|----------|
| | F&B Tax | % Change | F&B Tax - At Current Rate | % Change |
| 2000 | \$2,686,332 | | \$5,372,663 | |
| 2001 | 3,019,220 | 12.4% | 6,038,440 | 12.4% |
| 2002 | 3,094,826 | 2.5% | 6,189,652 | 2.5% |
| 2003 | 3,173,924 | 2.6% | 6,347,848 | 2.6% |
| 2004 | 3,484,154 | 9.8% | 6,968,308 | 9.8% |
| 2005 | 3,155,640 | -9.4% | 6,311,279 | -9.4% |
| 2006 | 3,625,404 | 14.9% | 7,250,808 | 14.9% |
| 2007 | 3,974,303 | 9.6% | 7,948,605 | 9.6% |
| 2008 | 4,049,855 | 1.9% | 8,099,710 | 1.9% |
| 2009 | 3,991,474 | -1.4% | 7,982,948 | -1.4% |
| 2010 | 6,385,471 | 60.0% | 8,513,961 | 6.7% |
| 2011 | 8,901,044 | 39.4% | 8,901,044 | 4.5% |
| 2012 | 9,405,832 | 5.7% | 9,405,832 | 5.7% |
| 2013 | 9,624,199 | 2.3% | 9,624,199 | 2.3% |
| 2014 | 10,004,053 | 3.9% | 10,004,053 | 3.9% |
| 2015 | 10,653,854 | 6.5% | 10,653,854 | 6.5% |
| 2016 | 10,884,597 | 2.2% | 10,884,597 | 2.2% |
| 2017 | 11,327,559 | 4.1% | 11,327,559 | 4.1% |
| 2018 | 11,757,558 | 3.8% | 11,757,558 | 3.8% |
| Average from 2000 | | 9.5% | Average from 2000 | 4.6% |
| Average Last 10 Years | | 12.6% | Average Last 10 Years | 3.8% |
| Average Last 5 Years | | 4.1% | Average Last 5 Years | 4.1% |

Source: District

Historical F&B Tax Collections grew at an average annual rate of 9.5% from 2000, 12.6% for the last ten years, and 4.1% for the last five years. However, the historical F&B Tax rate increased from 0.25% to 0.5% on July 1st of 2010.

The rate adjusted F&B Tax Collection grew at an annual growth of 4.6% from 2000, 3.8% for the last ten years, and 4.1% for the last five years. This growth rate better represents the potential for future growth in the market.

Local Rental Car Tax Collections

Local Rental Car Tax Collections represent the collections by the DOR for liabilities occurring in the listed year before Administrative Fees. The following Figure 3-5 shows annual changes in Local Rental Car Tax Collections.

**FIGURE 3-5
LOCAL RENTAL CAR TAX COLLECTIONS**

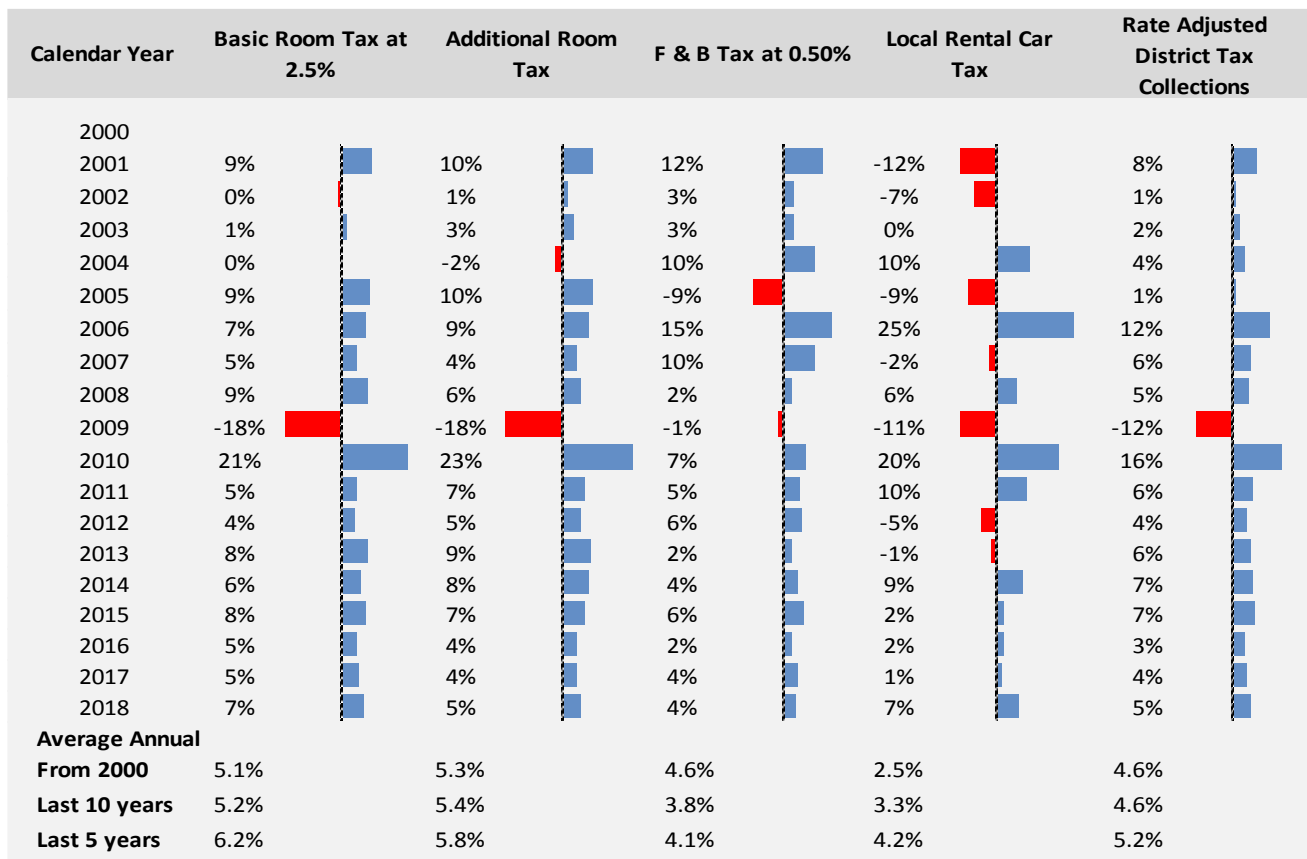
| Calendar Year | Local Rental Car Tax | % Change |
|------------------------------|----------------------|----------|
| 2000 | \$2,036,618 | |
| 2001 | 1,801,897 | -11.5% |
| 2002 | 1,678,319 | -6.9% |
| 2003 | 1,673,079 | -0.3% |
| 2004 | 1,842,475 | 10.1% |
| 2005 | 1,674,956 | -9.1% |
| 2006 | 2,093,953 | 25.0% |
| 2007 | 2,056,518 | -1.8% |
| 2008 | 2,181,316 | 6.1% |
| 2009 | 1,931,213 | -11.5% |
| 2010 | 2,315,704 | 19.9% |
| 2011 | 2,539,854 | 9.7% |
| 2012 | 2,414,379 | -4.9% |
| 2013 | 2,389,031 | -1.0% |
| 2014 | 2,595,397 | 8.6% |
| 2015 | 2,642,869 | 1.8% |
| 2016 | 2,697,401 | 2.1% |
| 2017 | 2,734,375 | 1.4% |
| 2018 | 2,931,986 | 7.2% |
| Average from 2000 | | 2.5% |
| Average Last 10 Years | | 3.3% |
| Average Last 5 Years | | 4.2% |

Source: District

Local Rental Car Tax Collections grew annually at an average rate of 2.5% per year from 2000, 3.3% for the last ten years, and 4.2% for the last five years. After a strong recovery in 2010 and 2011, the 2012 and 2013 Local Rental Car Tax collections declined. This decline most likely reflects the reduced level of air service to Milwaukee as Frontier Airlines reduced flight schedules and subsequently merged with Delta Airlines. Local Rental Car Tax Collections grew in from 2014 through 2018 as the economy grew.

The following Figure 3-6 summarizes historical changes in rate adjusted District Tax Collections before Administrative Fees.

FIGURE 3-6
RATE ADJUSTED DISTRICT TAX COLLECTIONS PERCENT CHANGE



Sources: District and HVS

The Rate Adjusted District Tax Collection grew at an average annual rate of 4.6% from 2000, 4.6% over the last ten years, and 5.2% over the last five years.

The following Figure 3-7 shows the growth of historical District Tax Collections from 2000 through 2018.

FIGURE 3-7
SUMMARY OF HISTORICAL DISTRICT TAX COLLECTIONS

| Calendar Year | Basic Room Tax | | Additional Room Tax | | F & B Tax | Car Rental Tax | | Gross Tax Collections | | |
|---------------------------------|----------------|------|---------------------|------|-------------|----------------|------|-----------------------|------|------|
| 2000 | \$2,460,360 | | \$6,260,790 | | \$2,686,332 | \$2,036,618 | | \$13,444,099 | | |
| 2001 | 2,692,689 | 9% | 6,858,331 | 10% | 3,019,220 | 1,801,897 | -12% | 14,372,136 | 7% | |
| 2002 | 2,682,761 | 0% | 6,952,926 | 1% | 3,094,826 | 1,678,319 | -7% | 14,408,832 | 0% | |
| 2003 | 2,713,118 | 1% | 7,188,781 | 3% | 3,173,924 | 1,673,079 | 0% | 14,748,903 | 2% | |
| 2004 | 2,718,028 | 0% | 7,058,358 | -2% | 3,484,154 | 1,842,475 | 10% | 15,103,015 | 2% | |
| 2005 | 2,959,062 | 9% | 7,744,570 | 10% | 3,155,640 | 1,674,956 | -9% | 15,534,228 | 3% | |
| 2006 | 3,175,093 | 7% | 8,411,492 | 9% | 3,625,404 | 2,093,953 | 25% | 17,305,943 | 11% | |
| 2007 | 3,324,320 | 5% | 8,769,839 | 4% | 3,974,303 | 2,056,518 | -2% | 18,124,979 | 5% | |
| 2008 | 3,608,095 | 9% | 9,285,558 | 6% | 4,049,855 | 2,181,316 | 6% | 19,124,824 | 6% | |
| 2009 | 2,950,327 | -18% | 7,572,638 | -18% | 3,991,474 | 1,931,213 | -11% | 16,445,652 | -14% | |
| 2010 | 3,575,375 | 21% | 9,306,364 | 23% | 6,385,471 | 2,315,704 | 20% | 21,582,913 | 31% | |
| 2011 | 4,698,986 | 31% | 9,938,361 | 7% | 8,901,044 | 2,539,854 | 10% | 26,078,246 | 21% | |
| 2012 | 4,908,284 | 4% | 10,482,184 | 5% | 9,405,832 | 2,414,379 | -5% | 27,210,680 | 4% | |
| 2013 | 5,307,845 | 8% | 11,395,906 | 9% | 9,624,199 | 2,389,031 | -1% | 28,716,982 | 6% | |
| 2014 | 5,643,580 | 6% | 12,344,695 | 8% | 10,004,053 | 2,595,397 | 9% | 30,587,726 | 7% | |
| 2015 | 6,075,990 | 8% | 13,240,998 | 7% | 10,653,854 | 2,642,869 | 2% | 32,613,711 | 7% | |
| 2016 | 6,381,620 | 5% | 13,758,711 | 4% | 10,884,597 | 2,697,401 | 2% | 33,722,329 | 3% | |
| 2017 | 6,714,419 | 5% | 14,311,459 | 4% | 11,327,559 | 2,734,375 | 1% | 35,087,812 | 4% | |
| 2018 | 7,181,744 | 7% | 15,095,799 | 5% | 11,757,558 | 2,931,986 | 7% | 36,967,086 | 5% | |
| Average Annual From 2000 | | 6.6% | | 5.3% | | 9.5% | | 2.5% | | 6.1% |
| Last 10 years | | 7.8% | | 5.4% | | 12.6% | | 3.3% | | 7.4% |
| Last 5 years | | 6.2% | | 5.8% | | 4.1% | | 4.2% | | 5.2% |

The only decline in historical District Tax Collections occurred in 2009 during the Great Recession. The economic recovery and increased tax rates in 2010 and 2011 caused rapid growth in collections.

4. Projection of District Tax Collections

Tax Projections

Historical District Taxes Collections, market trends, and inflation assumptions provide a basis for estimating future District Tax Collections.

HVS based growth rate projections on analysis of the tax base of each tax presented earlier in this study, coupled with trends in projected income and population. District officials report that there currently are no proposals for an increase in tax rates on any of District Taxes. Therefore, we based all tax projections upon current tax rates.

Tax Projections

The historical STR data for the County shows a 5.5% average growth of Gross Room Revenue for the last 15 years and 4.9% for the last ten years. The historical STR data for the City shows a 5.4% average growth rate for the last 15 years and 4.6% for the last ten years. This data supports the historical increase shown in the Basic Room Tax and the Additional Room Tax from 2000 through 2018, ten, and five years in the following Figure 4-1.

FIGURE 4-1
HISTORICAL RATE ADJUSTED GROWTH RATES

| | Historical Growth Rate | | |
|--|------------------------|---------------|------------------------|
| | Last 5 Years | Last 10 Years | From 2000 through 2018 |
| Basic Room Tax* | 6.24% | 5.19% | 5.09% |
| Additional Room Tax | 5.80% | 5.44% | 5.30% |
| Food & Beverage* | 3.82% | 4.58% | 4.58% |
| Car Rental | 4.23% | 3.33% | 2.49% |
| * Growth rates based on the current tax rate | | | |

Source: HVS

Inflation Assumptions

We reviewed historical increases in the Consumer Price Index (CPI-U), as shown in Figure 4-2. Due to the length of the tax projections contained in this study, a long-term perspective is used for the inflation rate.

FIGURE 4-2
NATIONAL CONSUMER PRICE INDEX (ALL URBAN CONSUMERS)

| Year | National Consumer Price Index | Percent Change from Previous Year |
|-----------------------|-------------------------------|-----------------------------------|
| 2005 | 195.3 | — |
| 2006 | 201.6 | 3.2 % |
| 2007 | 207.3 | 2.8 |
| 2008 | 215.3 | 3.8 |
| 2009 | 214.5 | -0.4 |
| 2010 | 218.1 | 1.6 |
| 2011 | 224.9 | 3.1 |
| 2012 | 229.6 | 2.1 |
| 2013 | 233.0 | 1.5 |
| 2014 | 236.7 | 1.6 |
| 2015 | 237.0 | 0.1 |
| 2016 | 240.0 | 1.3 |
| 2017 | 245.1 | 2.1 |
| 2018 | 251.1 | 2.4 |
| Average Annual Change | | |
| | Last Ten Years | 1.6 % |
| | Last Five Years | 1.5 |

Source: Bureau of Labor Statistics

Over the last ten years, the national CPI increased at an average annual rate of 1.6%. In 2018, the CPI rose by 2.4%, an increase from the level of 2.1% recorded in 2017.

Assumptions about inflation rates underpin the tax projections in this study. The following Figure 4-3 shows inflation estimates made by economists at some noted institutions and corporations.

**FIGURE 4-3
INFLATION ESTIMATES**

| Name (Sample from Survey) | Firm | Projected Increase in Consumer Price Index (Annualized Rate Versus 12 Months Earlier) | | | | | |
|--------------------------------------|---------------------------------------|--|-------|-------|-------|-------|------|
| | | Dec | June | Dec | June | Dec | June |
| | | 2018 | 2019 | 2019 | 2020 | 2020 | 2020 |
| Scott Anderson | Bank of the West | 2.5 % | 2.3 % | 2.2 % | 2.0 % | 1.7 | |
| Daniel Bachman | Deloitte LP | 2.3 | 2.1 | 2.1 | 1.7 | 1.6 | |
| Bernard Baumohl | Economic Outlook Group | 2.7 | 3.4 | 3.0 | 2.8 | 2.5 | |
| David Berson | Nationwide Insurance | 2.2 | 2.4 | 2.5 | 2.6 | 2.7 | |
| Brian Bethune | Tufts University | 2.4 | 2.0 | 2.1 | 2.2 | 2.3 | |
| Steven Blitz | TS Lombard | 2.0 | 1.8 | 1.8 | 2.5 | 2.8 | |
| Beth Ann Bovino | Standard and Poor's | 2.3 | 2.2 | 2.2 | 2.3 | 2.4 | |
| Jay Bryson | Wells Fargo & Co. | 2.1 | 2.3 | 2.8 | 2.6 | 2.4 | |
| Michael Carey | Credit Agricole CIB | 2.3 | 1.7 | 2.3 | 2.5 | 2.3 | |
| Mike Cosgrove | Econoclast | 2.2 | 2.0 | 2.3 | 1.9 | 2.0 | |
| Lou Crandall | Wrightson ICAP | 1.9 | 1.7 | 2.4 | 2.7 | 2.6 | |
| Amy Crews Cutts | Equifax | 2.4 | 2.6 | 2.5 | 2.4 | 2.3 | |
| Greg Daco | Oxford Economics | 2.0 | 1.8 | 2.0 | 1.9 | 1.9 | |
| Rajeev Dhawan | Georgia State University | 1.8 | 1.8 | 1.9 | 1.8 | 1.6 | |
| Robert Dietz | National Association of Home Builders | 1.8 | 2.2 | 3.2 | 1.5 | 1.4 | |
| Robert Dye | Comerica Bank | 1.9 | 1.8 | 2.2 | 2.0 | 2.0 | |
| Augustine Faucher | PNC Financial Services Group | 1.6 | 1.7 | 2.4 | 2.5 | 2.4 | |
| Maria Fiorini Ramirez/Joshua Shapiro | MFR, Inc. | 2.4 | 2.4 | 2.6 | — | — | |
| J.D. Foster | Chamber of Commerce | 2.4 | 2.3 | 2.3 | 2.2 | 2.1 | |
| Mike Fratantoni | Mortgage Bankers Association | 2.5 | 2.5 | 2.5 | 2.0 | 2.0 | |
| Robert Fry | Robert Fry Economics LLC | 2.2 | 2.4 | 2.4 | 2.3 | 2.3 | |
| Stephen Gallagher | Societe Generale | 1.8 | 1.9 | 2.7 | 1.8 | 1.6 | |
| Jan Hatzius | Goldman, Sachs & Co. | 1.9 | 1.8 | 2.1 | 2.2 | 2.3 | |
| Derek Holt | Scotiabank | 2.3 | 2.1 | 2.1 | 2.0 | 2.0 | |
| Peter Hooper and team | Deutsche Bank Securities, Inc. | 2.1 | 1.5 | 1.7 | 2.2 | 2.3 | |
| Constance Hunter | KPMG | 2.2 | 2.2 | 2.3 | 2.0 | 1.8 | |
| Nathaniel Karp | BBVA Compass | 2.1 | 2.3 | 2.2 | 2.1 | 2.0 | |
| Jack Kleinhenz | National Retail Federation | 2.3 | 2.3 | 2.2 | 2.2 | 2.1 | |
| Joseph LaVorgna | Natixis CIB Americas | 2.0 | 2.0 | 2.0 | 2.0 | 1.5 | |
| Edward Leamer/David Shulman | UCLA Anderson Forecast | 2.0 | 2.8 | 2.9 | 2.9 | 2.3 | |
| Don Leavens/Steven Wilcox | NEMA Business Information Services | 2.5 | 2.6 | 2.5 | 1.8 | 1.7 | |
| Kevin Logan | HSBC Securities | 2.1 | 1.9 | 1.8 | 2.0 | 2.2 | |
| John Lonski | Moody's Investors Service | 2.0 | 1.6 | 1.7 | 1.8 | 1.6 | |
| Jim Meil | ACT Research | 1.6 | 2.1 | 2.0 | 2.1 | 1.9 | |
| Michael Moran | Daiwa Capital | 2.4 | 2.2 | 2.3 | 2.4 | 2.2 | |
| Chad Moutray | National Association of Manufacturers | 2.4 | 2.3 | 2.3 | 1.9 | 1.9 | |
| Joel Naroff | Naroff Economic Advisors | 2.2 | 2.5 | 2.3 | 1.9 | 1.8 | |
| Mark Nielson | MacroEcon Global Advisors | 2.5 | 2.6 | 2.7 | 2.8 | 2.9 | |
| Frank Nothaft | Corelogic | 2.2 | 2.1 | 2.3 | 2.2 | 2.0 | |
| Jim O'Sullivan | High Frequency Economics | 1.9 | 1.9 | 2.3 | 2.7 | 2.8 | |
| Lindsey Piegza | Stifel, Nicolaus and Company, Inc. | 2.4 | 2.2 | 2.1 | 2.0 | — | |
| Dr. Joel Prakken/ Chris Varvares | Macroeconomic Advisers | 2.0 | 2.1 | 2.7 | 2.2 | 1.8 | |
| Russell Price | Ameriprise Financial | 2.3 | 2.3 | 2.4 | 2.2 | 2.3 | |
| Arun Raha | Eaton Corp. | 2.1 | 2.0 | 2.0 | 1.9 | 1.6 | |
| Ian Shepherdson | Pantheon Macroeconomics | 1.9 | 1.9 | 2.5 | 2.5 | 2.5 | |
| Allen Sinai | Decision Economics, Inc. | 2.5 | 2.5 | 2.6 | 2.7 | 2.8 | |
| James F. Smith | Parsec Financial Management | 1.8 | 1.9 | 2.0 | 2.1 | 2.3 | |
| Sean M. Snaith | University of Central Florida | 2.3 | 2.2 | 1.9 | 1.5 | 1.3 | |
| Sung Won Sohn | SS Economics | 2.3 | 2.4 | 2.4 | 2.5 | 2.5 | |
| Stephen Stanley | Pierpont Securities | 1.9 | 2.1 | 2.9 | 3.1 | 3.2 | |
| Susan M. Sterne | Economic Analysis Associates Inc. | 2.5 | 1.8 | 2.1 | 2.7 | 2.3 | |
| Kevin Swift | American Chemistry Council | 2.3 | 2.0 | 2.3 | 2.3 | 2.0 | |
| Diane Swonk | Grant Thornton | 2.4 | 2.2 | 2.1 | 2.0 | 2.0 | |
| Carl Tannenbaum | The Northern Trust | 2.3 | 2.2 | 2.5 | 2.4 | 2.0 | |
| US Economics Team | BNP Paribas | 1.7 | 1.6 | 2.2 | 2.0 | 2.2 | |
| Bart van Ark | The Conference Board | 2.3 | 2.2 | 2.3 | 2.3 | 2.3 | |
| Brian S. Wesbury/ Robert Stein | First Trust Advisors, L.P. | 2.4 | 2.6 | 2.7 | 2.9 | 3.0 | |
| Lawrence Yun | National Association of Realtors | 2.3 | 2.0 | 2.6 | 2.5 | 2.2 | |
| Averages: | | 2.2 % | 2.1 % | 2.3 % | 2.2 % | 2.1 % | |

**Wisconsin Center
Expansion**

As the preceding figure indicates, the financial analysts who were surveyed in December of 2018 anticipated inflation rates ranging from 1.5% to 3.4% (on an annualized basis) for June 2019; the average of these data points was 2.1%. The same group expects a similar, annualized 2.3% inflation rate for December 2019. These rates are similar to the inflation rate averages of June 2020 and December 2020, shown at 2.2% and 2.1%, respectively.

The 10-year CPI inflation expectations from the Philadelphia Fed's *Livingston Survey* taken in December of 2018 forecasts a 2.23% average annual increase in the CPI.

In consideration of the most current trends and the projections set forth previously we project a long-term ADR increase of 2.5%.

The proposed debt issuance would support the expansion of the Wisconsin Center which is expected to add 197,000-square-foot of new function space including pre-function, back-of-house, public parking, loading docks, outdoor balconies, expanded meeting halls, and multipurpose/ballroom/meeting rooms. The expansion along with other improvements is expected to increase demand by over 100,000 room nights from 2023 through 2026, as shown in Figure 4-4 below. The increase in room night demand will grow from 30% in 2023, increasing to 60% in 2024, 90% in 2025, and 100% in 2026. For the purposes of this study, we assume the proposed expansion would open in 2023.

FIGURE 4-4
PROJECTION OF ADDITIONAL ROOM NIGHT DEMAND FROM EXPANSION OF WISCONSIN CENTER

| | No Expansion | Stabilized After Expansion | New | % Increase |
|--|-----------------|-------------------------------|---------|---------------|
| Wisconsin Center Events * | 108 | 169 | 61 | 56% |
| Total Attendees | 266,910 | 416,200 | 149,290 | 56% |
| Room Nights | 116,100 | 220,500 | 104,400 | 90% |
| * Does not include events held primarily in the Panthers Arena or Milwaukee Theatre. | | | | |

Source: HVS Wisconsin Center Expansion Operating Projections and Impact Study 12/8/2018

Room Tax Projections

Estimates of growth in accommodated room-night demand and “EDR”, which is the total amount of Taxable Room Revenue divided by the total amount of Occupied Room Nights for any calendar year, are used to forecast the Basic and Additional Room Tax revenue. The sum of these growth rates equals the expected growth rate in room tax revenue.

Supply Growth

- Supporting the expected growth in County and City Taxable Room Revenue is the continued growth in the local hotel market. STR and Visit Milwaukee report five hotels under construction with a total of 722 rooms which will increase the supply of hotel rooms in the County by 6.0%.
- Three hotels are under construction in the City with a total of 478 rooms which will increase the supply of hotel room by 5.4%.
- Seven hotels are under development in the County which will increase the supply of hotel rooms by 950 or 7.9%.
- Five hotels under development are located in the City which will increase the supply of hotel rooms by 873 or 9.9%.

Room Night Demand Growth

- Demand growth projected at 3.00% in 2019 is support by STR data showing demand grew by 9.8% in the County through February of 2019, and 9.4% in the City.
- The projected growth of demand in 2020 of 3.50% is expected to be positively impacted by the Democratic National Convention in July and the Ryder Cup in September. The increase in the number of hotel rooms due to the opening of new properties is expected to increase demand.
- Net demand growth is not expected to change in 2021 due to the higher than normal increase in demand in 2020 from to the Democratic National Convention in July and the Ryder Cup in September. Demand growth is projected at 1.00% in 2022 as growth returns to the market.
- Demand growth is projected to increase in 2023 1.75% through 2025 and 1.25% in 2026 due to the expansion of the Wisconsin Center and general market growth.
- Demand growth is projected to stabilize in 2027 and thereafter at 1.00% for the County and 1.00% for the City. Historical growth in demand from 1987 through 2018 of 1.6% for the County and 1.2% for the City, as reported by STR, support our projected growth in demand.

Room Rate Growth

- The projected growth in EDR of 1.9% in 2019 is supported by STR data showing, through February of 2019, ADR grew by 3.5% in the County and 5.0% in the City. ADR growth in 2019 is expected to slow as the opening of new hotels add room night supply to the market.

- The projected growth of EDR in 2020 of 2.9% is expected to be positively impacted by the Democratic National Convention in July and the Ryder Cup in September. The increase in room night supply from the opening of new properties is expected to reduce the rate of increase expected during peak demand.
- EDR growth is expected to slow in 2021 to 2.0% due the higher than normal increase in EDR in 2020 due to the Democratic National Convention in July and the Ryder Cup in September.
- EDR growth is projected on a stabilized basis in 2022 and thereafter at 2.5% in the County and 2.5% in the City. Historical growth in ADR from 1987 through 2018 of 2.9% in the County and 3.1% in the City, as reported by STR, support our projected growth in ADR. Our long-term estimates of inflation of between 2.5% to 3.0% additionally support the projected growth in ADR.

The projections of Basic Room Tax and Additional Room Tax are shown in Figure 4-5 and Figure 4-6 below.

FIGURE 4-5
PROJECTION OF BASIC ROOM TAX COLLECTIONS

| Calendar Year | Occupied Room Nights | Projected Annual Increase | EDR | EDR Growth Rate | County Taxable Room Revenue | Basic Room Tax of 2.5% | Projected Annual Increase |
|-----------------------|----------------------|---------------------------|----------|-----------------|-----------------------------|------------------------|---------------------------|
| 2018 (Actual) | 2,845,489 | | \$100.96 | | \$287,269,748 | \$7,181,744 | |
| 2019 | 2,931,000 | 3.00% | 102.91 | 1.9% | 301,640,000 | 7,541,000 | 5.00% |
| 2020 | 3,034,000 | 3.50% | 105.88 | 2.9% | 321,240,000 | 8,031,000 | 6.50% |
| 2021 | 3,034,000 | 0.00% | 108.00 | 2.0% | 327,680,000 | 8,192,000 | 2.00% |
| 2022 | 3,064,000 | 1.00% | 110.69 | 2.5% | 339,160,000 | 8,479,000 | 3.50% |
| 2023 | 3,118,000 | 1.75% | 113.39 | 2.4% | 353,560,000 | 8,839,000 | 4.25% |
| 2024 | 3,173,000 | 1.75% | 116.17 | 2.4% | 368,600,000 | 9,215,000 | 4.25% |
| 2025 | 3,229,000 | 1.75% | 119.01 | 2.4% | 384,280,000 | 9,607,000 | 4.25% |
| 2026 | 3,269,000 | 1.25% | 121.96 | 2.5% | 398,680,000 | 9,967,000 | 3.75% |
| 2027 | 3,302,000 | 1.00% | 124.97 | 2.5% | 412,640,000 | 10,316,000 | 3.50% |
| 2028 | 3,335,000 | 1.00% | 128.06 | 2.5% | 427,080,000 | 10,677,000 | 3.50% |
| 2029 | 3,368,000 | 1.00% | 131.25 | 2.5% | 442,040,000 | 11,051,000 | 3.50% |
| 2030 | 3,402,000 | 1.00% | 134.49 | 2.5% | 457,520,000 | 11,438,000 | 3.50% |
| 2031 | 3,436,000 | 1.00% | 137.81 | 2.5% | 473,520,000 | 11,838,000 | 3.50% |
| 2032 | 3,470,000 | 1.00% | 141.23 | 2.5% | 490,080,000 | 12,252,000 | 3.50% |
| 2033 | 3,505,000 | 1.00% | 144.72 | 2.5% | 507,240,000 | 12,681,000 | 3.50% |
| 2034 | 3,540,000 | 1.00% | 148.31 | 2.5% | 525,000,000 | 13,125,000 | 3.50% |
| 2035 | 3,575,000 | 1.00% | 151.99 | 2.5% | 543,360,000 | 13,584,000 | 3.50% |
| 2036 | 3,611,000 | 1.00% | 155.74 | 2.5% | 562,360,000 | 14,059,000 | 3.50% |
| 2037 | 3,647,000 | 1.00% | 159.59 | 2.5% | 582,040,000 | 14,551,000 | 3.50% |
| 2038 | 3,683,000 | 1.00% | 163.56 | 2.5% | 602,400,000 | 15,060,000 | 3.50% |
| 2039 | 3,720,000 | 1.00% | 167.60 | 2.5% | 623,480,000 | 15,587,000 | 3.50% |
| 2040 | 3,757,000 | 1.00% | 171.76 | 2.5% | 645,320,000 | 16,133,000 | 3.50% |
| 2041 | 3,795,000 | 1.00% | 176.00 | 2.5% | 667,920,000 | 16,698,000 | 3.50% |
| 2042 | 3,833,000 | 1.00% | 180.35 | 2.5% | 691,280,000 | 17,282,000 | 3.50% |
| 2043 | 3,871,000 | 1.00% | 184.83 | 2.5% | 715,480,000 | 17,887,000 | 3.50% |
| 2044 | 3,910,000 | 1.00% | 189.39 | 2.5% | 740,520,000 | 18,513,000 | 3.50% |
| 2045 | 3,949,000 | 1.00% | 194.08 | 2.5% | 766,440,000 | 19,161,000 | 3.50% |
| 2046 | 3,988,000 | 1.00% | 198.92 | 2.5% | 793,280,000 | 19,832,000 | 3.50% |
| 2047 | 4,028,000 | 1.00% | 203.83 | 2.5% | 821,040,000 | 20,526,000 | 3.50% |
| 2048 | 4,068,000 | 1.00% | 208.89 | 2.5% | 849,760,000 | 21,244,000 | 3.50% |
| 2049 | 4,109,000 | 1.00% | 214.05 | 2.5% | 879,520,000 | 21,988,000 | 3.50% |
| 2050 | 4,150,000 | 1.00% | 219.35 | 2.5% | 910,320,000 | 22,758,000 | 3.50% |
| 2051 | 4,192,000 | 1.00% | 224.76 | 2.5% | 942,200,000 | 23,555,000 | 3.50% |
| 2052 | 4,234,000 | 1.00% | 230.32 | 2.5% | 975,160,000 | 24,379,000 | 3.50% |
| 2053 | 4,276,000 | 1.00% | 236.03 | 2.5% | 1,009,280,000 | 25,232,000 | 3.50% |
| 2054 | 4,319,000 | 1.00% | 241.86 | 2.5% | 1,044,600,000 | 26,115,000 | 3.50% |
| 2055 | 4,362,000 | 1.00% | 247.86 | 2.5% | 1,081,160,000 | 27,029,000 | 3.50% |
| 2056 | 4,406,000 | 1.00% | 253.97 | 2.5% | 1,119,000,000 | 27,975,000 | 3.50% |
| 2057 | 4,450,000 | 1.00% | 260.26 | 2.5% | 1,158,160,000 | 28,954,000 | 3.50% |
| 2058 | 4,495,000 | 1.00% | 266.67 | 2.5% | 1,198,680,000 | 29,967,000 | 3.50% |
| 2059 | 4,540,000 | 1.00% | 273.27 | 2.5% | 1,240,640,000 | 31,016,000 | 3.50% |
| 2060 | 4,585,000 | 1.00% | 280.06 | 2.5% | 1,284,080,000 | 32,102,000 | 3.50% |
| Average Annual | | 1.14% | | 2.5% | | | 3.63% |

Sources: District (historical data) and HVS (projections)

FIGURE 4-6
PROJECTION OF ADDITIONAL ROOM TAX COLLECTIONS

| Calendar Year | Occupied Room Nights | Projected Annual Increase | EDR | EDR Growth Rate | City Taxable Room Revenue | Additional Room Tax of 7% | Projected Annual Increase |
|-----------------------|----------------------|---------------------------|----------|-----------------|---------------------------|---------------------------|---------------------------|
| 2018 (Actual) | 2,068,848 | | \$104.24 | | \$215,654,265 | \$15,095,799 | |
| 2019 | 2,131,000 | 3.00% | 106.26 | 1.9% | 226,443,000 | 15,851,000 | 5.00% |
| 2020 | 2,206,000 | 3.50% | 109.32 | 2.9% | 241,157,000 | 16,881,000 | 6.50% |
| 2021 | 2,206,000 | 0.00% | 111.51 | 2.0% | 245,986,000 | 17,219,000 | 2.00% |
| 2022 | 2,228,000 | 1.00% | 114.27 | 2.5% | 254,600,000 | 17,822,000 | 3.50% |
| 2023 | 2,267,000 | 1.75% | 117.08 | 2.5% | 265,414,000 | 18,579,000 | 4.25% |
| 2024 | 2,307,000 | 1.75% | 119.94 | 2.4% | 276,700,000 | 19,369,000 | 4.25% |
| 2025 | 2,347,000 | 1.75% | 122.90 | 2.5% | 288,457,000 | 20,192,000 | 4.25% |
| 2026 | 2,376,000 | 1.25% | 125.96 | 2.5% | 299,271,000 | 20,949,000 | 3.75% |
| 2027 | 2,400,000 | 1.00% | 129.06 | 2.5% | 309,743,000 | 21,682,000 | 3.50% |
| 2028 | 2,424,000 | 1.00% | 132.25 | 2.5% | 320,586,000 | 22,441,000 | 3.50% |
| 2029 | 2,448,000 | 1.00% | 135.54 | 2.5% | 331,800,000 | 23,226,000 | 3.50% |
| 2030 | 2,472,000 | 1.00% | 138.92 | 2.5% | 343,414,000 | 24,039,000 | 3.50% |
| 2031 | 2,497,000 | 1.00% | 142.34 | 2.5% | 355,429,000 | 24,880,000 | 3.50% |
| 2032 | 2,522,000 | 1.00% | 145.86 | 2.5% | 367,871,000 | 25,751,000 | 3.50% |
| 2033 | 2,547,000 | 1.00% | 149.49 | 2.5% | 380,743,000 | 26,652,000 | 3.50% |
| 2034 | 2,572,000 | 1.00% | 153.22 | 2.5% | 394,071,000 | 27,585,000 | 3.50% |
| 2035 | 2,598,000 | 1.00% | 156.99 | 2.5% | 407,857,000 | 28,550,000 | 3.50% |
| 2036 | 2,624,000 | 1.00% | 160.87 | 2.5% | 422,129,000 | 29,549,000 | 3.50% |
| 2037 | 2,650,000 | 1.00% | 164.87 | 2.5% | 436,900,000 | 30,583,000 | 3.50% |
| 2038 | 2,677,000 | 1.00% | 168.92 | 2.5% | 452,186,000 | 31,653,000 | 3.50% |
| 2039 | 2,704,000 | 1.00% | 173.08 | 2.5% | 468,014,000 | 32,761,000 | 3.50% |
| 2040 | 2,731,000 | 1.00% | 177.37 | 2.5% | 484,400,000 | 33,908,000 | 3.50% |
| 2041 | 2,758,000 | 1.00% | 181.78 | 2.5% | 501,357,000 | 35,095,000 | 3.50% |
| 2042 | 2,786,000 | 1.00% | 186.25 | 2.5% | 518,900,000 | 36,323,000 | 3.50% |
| 2043 | 2,814,000 | 1.00% | 190.85 | 2.5% | 537,057,000 | 37,594,000 | 3.50% |
| 2044 | 2,842,000 | 1.00% | 195.59 | 2.5% | 555,857,000 | 38,910,000 | 3.50% |
| 2045 | 2,870,000 | 1.00% | 200.46 | 2.5% | 575,314,000 | 40,272,000 | 3.50% |
| 2046 | 2,899,000 | 1.00% | 205.40 | 2.5% | 595,457,000 | 41,682,000 | 3.50% |
| 2047 | 2,928,000 | 1.00% | 210.48 | 2.5% | 616,300,000 | 43,141,000 | 3.50% |
| 2048 | 2,957,000 | 1.00% | 215.72 | 2.5% | 637,871,000 | 44,651,000 | 3.50% |
| 2049 | 2,987,000 | 1.00% | 221.02 | 2.5% | 660,200,000 | 46,214,000 | 3.50% |
| 2050 | 3,017,000 | 1.00% | 226.48 | 2.5% | 683,300,000 | 47,831,000 | 3.50% |
| 2051 | 3,047,000 | 1.00% | 232.10 | 2.5% | 707,214,000 | 49,505,000 | 3.50% |
| 2052 | 3,077,000 | 1.00% | 237.88 | 2.5% | 731,971,000 | 51,238,000 | 3.50% |
| 2053 | 3,108,000 | 1.00% | 243.75 | 2.5% | 757,586,000 | 53,031,000 | 3.50% |
| 2054 | 3,139,000 | 1.00% | 249.79 | 2.5% | 784,100,000 | 54,887,000 | 3.50% |
| 2055 | 3,170,000 | 1.00% | 256.01 | 2.5% | 811,543,000 | 56,808,000 | 3.50% |
| 2056 | 3,202,000 | 1.00% | 262.32 | 2.5% | 839,943,000 | 58,796,000 | 3.50% |
| 2057 | 3,234,000 | 1.00% | 268.81 | 2.5% | 869,343,000 | 60,854,000 | 3.50% |
| 2058 | 3,266,000 | 1.00% | 275.50 | 2.5% | 899,771,000 | 62,984,000 | 3.50% |
| 2059 | 3,299,000 | 1.00% | 282.28 | 2.5% | 931,257,000 | 65,188,000 | 3.50% |
| 2060 | 3,332,000 | 1.00% | 289.27 | 2.5% | 963,857,000 | 67,470,000 | 3.50% |
| Average Annual | | 1.14% | | 2.5% | | | 3.63% |

Sources: District (historical data) and HVS (projections)

Act 60

In 2015, Wisconsin Act 60 (“Act 60”) became effective providing for financing and agreements relating to the development and construction of a basketball arena and related facilities in the City. Act 60 expanded the District’s Board from 15 to 17 members and modified its composition.

Act 60 specifies that when the District's debt issued within its first five years of the act or any debt issued to refund debt related to the District's existing exposition center facilities is retired, the District's current food and beverage tax for food and beverage stores, primarily groceries would be eliminated. The District Board, by a majority vote of its members, may reimpose the taxes. 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.

Food & Beverage Tax Projections

The projections assume growth rates for the following reasons:

- Low future population growth estimated in the County and continued out-migration of the population to neighboring counties is likely to hold down growth in demand for food and beverage items.
- Historical data showed strong annual growth rates.

Hypothetical Assumption Regarding Act 60

As required by Act 60 and starting in 2033 the taxable revenue from food and beverage stores would be removed from the tax base unless the Board takes action to reimpose the tax. DOR provided a breakdown of tax collections for NAICS sub-sector 445. See Figure 4-7 below.

**FIGURE 4-7
TAX COLLECTIONS
STORE SALES OF FOOD AND BEVERAGE ITEMS**

| Year | Total Sales | Store Sales of Food and Beverage Items | % of Total Sales |
|----------------|--------------|--|------------------|
| CY 2015 | \$10,425,380 | \$967,869 | 9.3% |
| CY 2016 | \$10,819,935 | \$1,066,645 | 9.9% |
| CY2017 | \$11,294,851 | \$1,134,631 | 10.0% |
| Cy 2018 | \$11,631,543 | \$1,104,477 | 9.5% |
| Average | | | 9.7% |

Source: DOR

Without Board action, we project that in 2033, the food and beverage tax base would decrease by 9.7% in 2033 and every year thereafter. WE HAVE ASSUMED THE BOARD WILL REIMPOSE THE TAX ON STORE SALES OF FOOD AND BEVERAGE BEFORE 2033.

Figure 4-8 below shows the projected rate of growth in F&B Tax Collections as determined by HVS. The historical growth rate for the last five years of 4.1% supports the projected rate of growth. If the food and beverage tax rate was 0.5%



from 2000, the annual growth rate from 2000 through 2018 would have been 4.6% and the last ten year would have been 3.8%.

FIGURE 4-8
PROJECTION OF FOOD & BEVERAGE TAX COLLECTIONS
ASSUMING A 0.5% TAX RATE

| Calendar Year | Taxable Revenues | F&B Tax | Projected Annual Increase |
|-----------------------|------------------|--------------|---------------------------|
| 2018 (Actual) | \$2,351,511,576 | \$11,757,558 | |
| 2019 | 2,422,000,000 | 12,110,000 | 3.0% |
| 2020 | 2,494,600,000 | 12,473,000 | 3.0% |
| 2021 | 2,569,400,000 | 12,847,000 | 3.0% |
| 2022 | 2,646,400,000 | 13,232,000 | 3.0% |
| 2023 | 2,725,800,000 | 13,629,000 | 3.0% |
| 2024 | 2,807,600,000 | 14,038,000 | 3.0% |
| 2025 | 2,891,800,000 | 14,459,000 | 3.0% |
| 2026 | 2,978,600,000 | 14,893,000 | 3.0% |
| 2027 | 3,068,000,000 | 15,340,000 | 3.0% |
| 2028 | 3,160,000,000 | 15,800,000 | 3.0% |
| 2029 | 3,254,800,000 | 16,274,000 | 3.0% |
| 2030 | 3,352,400,000 | 16,762,000 | 3.0% |
| 2031 | 3,453,000,000 | 17,265,000 | 3.0% |
| 2032 | 3,556,600,000 | 17,783,000 | 3.0% |
| 2033 * | 3,663,200,000 | 18,316,000 | 3.0% |
| 2034 | 3,773,000,000 | 18,865,000 | 3.0% |
| 2035 | 3,886,200,000 | 19,431,000 | 3.0% |
| 2036 | 4,002,800,000 | 20,014,000 | 3.0% |
| 2037 | 4,122,800,000 | 20,614,000 | 3.0% |
| 2038 | 4,246,400,000 | 21,232,000 | 3.0% |
| 2039 | 4,373,800,000 | 21,869,000 | 3.0% |
| 2040 | 4,505,000,000 | 22,525,000 | 3.0% |
| 2041 | 4,640,200,000 | 23,201,000 | 3.0% |
| 2042 | 4,779,400,000 | 23,897,000 | 3.0% |
| 2043 | 4,922,800,000 | 24,614,000 | 3.0% |
| 2044 | 5,070,400,000 | 25,352,000 | 3.0% |
| 2045 | 5,222,600,000 | 26,113,000 | 3.0% |
| 2046 | 5,379,200,000 | 26,896,000 | 3.0% |
| 2047 | 5,540,600,000 | 27,703,000 | 3.0% |
| 2048 | 5,706,800,000 | 28,534,000 | 3.0% |
| 2049 | 5,878,000,000 | 29,390,000 | 3.0% |
| 2050 | 6,054,400,000 | 30,272,000 | 3.0% |
| 2051 | 6,236,000,000 | 31,180,000 | 3.0% |
| 2052 | 6,423,000,000 | 32,115,000 | 3.0% |
| 2053 | 6,615,600,000 | 33,078,000 | 3.0% |
| 2054 | 6,814,000,000 | 34,070,000 | 3.0% |
| 2055 | 7,018,400,000 | 35,092,000 | 3.0% |
| 2056 | 7,229,000,000 | 36,145,000 | 3.0% |
| 2057 | 7,445,800,000 | 37,229,000 | 3.0% |
| 2058 | 7,669,200,000 | 38,346,000 | 3.0% |
| 2059 | 7,899,200,000 | 39,496,000 | 3.0% |
| 2060 | 8,136,200,000 | 40,681,000 | 3.0% |
| Average Annual | | | 3.0% |

* Assumes the Board will reimpose the tax on sub-section 455 sales.

Sources: District (historical data) and HVS (projections)

Local Rental Car Tax Projections

Figure 4-9 below shows the growth rate assumptions and an estimate of Local Rental Car Tax Collections. The growth rate was reduced after ten years to allow for the potential impact of autonomous driving vehicles that may replace a portion of the demand for rental cars.

FIGURE 4-9
PROJECTION OF LOCAL RENTAL CAR TAX COLLECTIONS

| Calendar Year | Taxable Revenues | Tax Rate | Local Rental Car Tax | Projected Annual Increase |
|---------------|------------------|----------|-----------------------|---------------------------|
| 2018 (Actual) | \$97,732,853 | 3.0% | \$2,931,986 | |
| 2019 | 100,167,000 | 3.0% | 3,005,000 | 2.5% |
| 2020 | 102,667,000 | 3.0% | 3,080,000 | 2.5% |
| 2021 | 105,233,000 | 3.0% | 3,157,000 | 2.5% |
| 2022 | 107,867,000 | 3.0% | 3,236,000 | 2.5% |
| 2023 | 110,567,000 | 3.0% | 3,317,000 | 2.5% |
| 2024 | 113,333,000 | 3.0% | 3,400,000 | 2.5% |
| 2025 | 116,167,000 | 3.0% | 3,485,000 | 2.5% |
| 2026 | 119,067,000 | 3.0% | 3,572,000 | 2.5% |
| 2027 | 122,033,000 | 3.0% | 3,661,000 | 2.5% |
| 2028 | 125,100,000 | 3.0% | 3,753,000 | 2.5% |
| 2029 | 126,367,000 | 3.0% | 3,791,000 | 1.0% |
| 2030 | 127,633,000 | 3.0% | 3,829,000 | 1.0% |
| 2031 | 128,900,000 | 3.0% | 3,867,000 | 1.0% |
| 2032 | 130,200,000 | 3.0% | 3,906,000 | 1.0% |
| 2033 | 131,500,000 | 3.0% | 3,945,000 | 1.0% |
| 2034 | 132,800,000 | 3.0% | 3,984,000 | 1.0% |
| 2035 | 134,133,000 | 3.0% | 4,024,000 | 1.0% |
| 2036 | 135,467,000 | 3.0% | 4,064,000 | 1.0% |
| 2037 | 136,833,000 | 3.0% | 4,105,000 | 1.0% |
| 2038 | 138,200,000 | 3.0% | 4,146,000 | 1.0% |
| 2039 | 139,567,000 | 3.0% | 4,187,000 | 1.0% |
| 2040 | 140,967,000 | 3.0% | 4,229,000 | 1.0% |
| 2041 | 142,367,000 | 3.0% | 4,271,000 | 1.0% |
| 2042 | 143,800,000 | 3.0% | 4,314,000 | 1.0% |
| 2043 | 145,233,000 | 3.0% | 4,357,000 | 1.0% |
| 2044 | 146,700,000 | 3.0% | 4,401,000 | 1.0% |
| 2045 | 148,167,000 | 3.0% | 4,445,000 | 1.0% |
| 2046 | 149,633,000 | 3.0% | 4,489,000 | 1.0% |
| 2047 | 151,133,000 | 3.0% | 4,534,000 | 1.0% |
| 2048 | 152,633,000 | 3.0% | 4,579,000 | 1.0% |
| 2049 | 154,167,000 | 3.0% | 4,625,000 | 1.0% |
| 2050 | 155,700,000 | 3.0% | 4,671,000 | 1.0% |
| 2051 | 157,267,000 | 3.0% | 4,718,000 | 1.0% |
| 2052 | 158,833,000 | 3.0% | 4,765,000 | 1.0% |
| 2053 | 160,433,000 | 3.0% | 4,813,000 | 1.0% |
| 2054 | 162,033,000 | 3.0% | 4,861,000 | 1.0% |
| 2055 | 163,667,000 | 3.0% | 4,910,000 | 1.0% |
| 2056 | 165,300,000 | 3.0% | 4,959,000 | 1.0% |
| 2057 | 166,967,000 | 3.0% | 5,009,000 | 1.0% |
| 2058 | 168,633,000 | 3.0% | 5,059,000 | 1.0% |
| 2059 | 170,333,000 | 3.0% | 5,110,000 | 1.0% |
| 2060 | 172,033,000 | 3.0% | 5,161,000 | 1.0% |
| | | | Average Annual | 1.4% |

Sources: District (historical data) and HVS (projections)

In 2018, the \$87.0 million in estimated rental car receipts at General Mitchell International Airport provided the majority of the 2018 taxable Revenue of \$97.7 million.

Figure 4-10 below summarizes the projection of District Taxes Collections for the period 2019 through 2060.

FIGURE 4-10
SUMMARY OF PROJECTED DISTRICT TAX COLLECTIONS (\$ THOUSANDS)

| Calendar Year | Basic Room Tax | Additional Room Tax | F&B Tax | Local Car Rental Tax | Projected District Tax Collections |
|---------------|----------------|---------------------|----------|----------------------|------------------------------------|
| 2018 (Actual) | \$7,182 | \$15,096 | \$11,758 | \$2,932 | \$36,967 |
| 2019 | 7,541 | 15,851 | 12,110 | 3,005 | 38,507 |
| 2020 | 8,031 | 16,881 | 12,473 | 3,080 | 40,465 |
| 2021 | 8,192 | 17,219 | 12,847 | 3,157 | 41,415 |
| 2022 | 8,479 | 17,822 | 13,232 | 3,236 | 42,769 |
| 2023 | 8,839 | 18,579 | 13,629 | 3,317 | 44,364 |
| 2024 | 9,215 | 19,369 | 14,038 | 3,400 | 46,022 |
| 2025 | 9,607 | 20,192 | 14,459 | 3,485 | 47,743 |
| 2026 | 9,967 | 20,949 | 14,893 | 3,572 | 49,381 |
| 2027 | 10,316 | 21,682 | 15,340 | 3,661 | 50,999 |
| 2028 | 10,677 | 22,441 | 15,800 | 3,753 | 52,671 |
| 2029 | 11,051 | 23,226 | 16,274 | 3,791 | 54,342 |
| 2030 | 11,438 | 24,039 | 16,762 | 3,829 | 56,068 |
| 2031 | 11,838 | 24,880 | 17,265 | 3,867 | 57,850 |
| 2032 | 12,252 | 25,751 | 17,783 | 3,906 | 59,692 |
| 2033 | 12,681 | 26,652 | 18,316 | 3,945 | 61,594 |
| 2034 | 13,125 | 27,585 | 18,865 | 3,984 | 63,559 |
| 2035 | 13,584 | 28,550 | 19,431 | 4,024 | 65,589 |
| 2036 | 14,059 | 29,549 | 20,014 | 4,064 | 67,686 |
| 2037 | 14,551 | 30,583 | 20,614 | 4,105 | 69,853 |
| 2038 | 15,060 | 31,653 | 21,232 | 4,146 | 72,091 |
| 2039 | 15,587 | 32,761 | 21,869 | 4,187 | 74,404 |
| 2040 | 16,133 | 33,908 | 22,525 | 4,229 | 76,795 |
| 2041 | 16,698 | 35,095 | 23,201 | 4,271 | 79,265 |
| 2042 | 17,282 | 36,323 | 23,897 | 4,314 | 81,816 |
| 2043 | 17,887 | 37,594 | 24,614 | 4,357 | 84,452 |
| 2044 | 18,513 | 38,910 | 25,352 | 4,401 | 87,176 |
| 2045 | 19,161 | 40,272 | 26,113 | 4,445 | 89,991 |
| 2046 | 19,832 | 41,682 | 26,896 | 4,489 | 92,899 |
| 2047 | 20,526 | 43,141 | 27,703 | 4,534 | 95,904 |
| 2048 | 21,244 | 44,651 | 28,534 | 4,579 | 99,008 |
| 2049 | 21,988 | 46,214 | 29,390 | 4,625 | 102,217 |
| 2050 | 22,758 | 47,831 | 30,272 | 4,671 | 105,532 |
| 2051 | 23,555 | 49,505 | 31,180 | 4,718 | 108,958 |
| 2052 | 24,379 | 51,238 | 32,115 | 4,765 | 112,497 |
| 2053 | 25,232 | 53,031 | 33,078 | 4,813 | 116,154 |
| 2054 | 26,115 | 54,887 | 34,070 | 4,861 | 119,933 |
| 2055 | 27,029 | 56,808 | 35,092 | 4,910 | 123,839 |
| 2056 | 27,975 | 58,796 | 36,145 | 4,959 | 127,875 |
| 2057 | 28,954 | 60,854 | 37,229 | 5,009 | 132,046 |
| 2058 | 29,967 | 62,984 | 38,346 | 5,059 | 136,356 |
| 2059 | 31,016 | 65,188 | 39,496 | 5,110 | 140,810 |
| 2060 | 32,102 | 67,470 | 40,681 | 5,161 | 145,414 |

Sources: District (historical data) and HVS (projections)

Administration Fee

DOR charges Administrative Fees of 2.55% of revenues for collecting the District Taxes. A portion of the fees is refunded to the District as shown in Figure 4-11 below.

FIGURE 4-11
NET ADMINISTRATIVE FEE PERCENTAGE

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Cumulative Refund % |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------|
| Administration Fees 2.55% of Revenues | \$693,872 | \$732,283 | \$779,987 | \$831,650 | \$859,919 | \$894,739 | \$942,660 | \$5,735,111 |
| Administration Fees Refund | \$551,300 | \$612,950 | \$646,726 | \$676,479 | 722,291 | \$719,658 | \$773,724 | \$4,703,128 |
| Net Cost of Collection | \$142,573 | \$119,333 | \$133,261 | \$155,170 | 137,628 | \$175,081 | \$168,936 | \$1,031,983 |
| Net Administration Fees % Revenues | 0.52% | 0.42% | 0.44% | 0.48% | 0.41% | 0.50% | 0.46% | 0.46% |
| Percentage Refunded | 79.5% | 83.7% | 82.9% | 81.3% | 84.00% | 80.43% | 82.08% | 82.01% |

Source: District

The Net Administration Fee averaged .46% of revenues from 2012 through 2018.

Conclusion

The following figure shows projected District Tax Collections of approximately \$145.4 million by 2060. The District is expected to net approximately \$144.7 million after deducting the DOR Net Administrative Fees. The estimated Gross Tax Collections, Net Administrative Fees paid to DOR, and the District Tax Collections dispersed to the District for the study period are shown in Figure 4-12 below.

FIGURE 4-12
PROJECTION OF DISTRICT TAX COLLECTIONS (\$ THOUSANDS)

| Calendar Year | Projected District Tax Collections | Less Administrative Fees 2.55% | Plus Administrative Fees Refund 82.01% | Net District Tax Collections | Projected Annual Increase |
|---------------|--|--------------------------------------|---|------------------------------------|---------------------------------|
| 2018 (Actual) | \$36,967 | (\$943) | \$773 | \$36,798 | |
| 2019 | 38,507 | (982) | 805 | 38,330 | 4.17% |
| 2020 | 40,465 | (1,032) | 846 | 40,279 | 5.08% |
| 2021 | 41,415 | (1,056) | 866 | 41,225 | 2.35% |
| 2022 | 42,769 | (1,091) | 894 | 42,573 | 3.27% |
| 2023 | 44,364 | (1,131) | 928 | 44,160 | 3.73% |
| 2024 | 46,022 | (1,174) | 962 | 45,811 | 3.74% |
| 2025 | 47,743 | (1,217) | 998 | 47,524 | 3.74% |
| 2026 | 49,381 | (1,259) | 1,033 | 49,154 | 3.43% |
| 2027 | 50,999 | (1,300) | 1,067 | 50,765 | 3.28% |
| 2028 | 52,671 | (1,343) | 1,101 | 52,429 | 3.28% |
| 2029 | 54,342 | (1,386) | 1,136 | 54,093 | 3.17% |
| 2030 | 56,068 | (1,430) | 1,173 | 55,811 | 3.18% |
| 2031 | 57,850 | (1,475) | 1,210 | 57,585 | 3.18% |
| 2032 | 59,692 | (1,522) | 1,248 | 59,418 | 3.18% |
| 2033 | 61,594 | (1,571) | 1,288 | 61,311 | 3.19% |
| 2034 | 63,559 | (1,621) | 1,329 | 63,267 | 3.19% |
| 2035 | 65,589 | (1,673) | 1,372 | 65,288 | 3.19% |
| 2036 | 67,686 | (1,726) | 1,415 | 67,375 | 3.20% |
| 2037 | 69,853 | (1,781) | 1,461 | 69,533 | 3.20% |
| 2038 | 72,091 | (1,838) | 1,508 | 71,760 | 3.20% |
| 2039 | 74,404 | (1,897) | 1,556 | 74,063 | 3.21% |
| 2040 | 76,795 | (1,958) | 1,606 | 76,443 | 3.21% |
| 2041 | 79,265 | (2,021) | 1,658 | 78,901 | 3.22% |
| 2042 | 81,816 | (2,086) | 1,711 | 81,441 | 3.22% |
| 2043 | 84,452 | (2,154) | 1,766 | 84,065 | 3.22% |
| 2044 | 87,176 | (2,223) | 1,823 | 86,776 | 3.23% |
| 2045 | 89,991 | (2,295) | 1,882 | 89,578 | 3.23% |
| 2046 | 92,899 | (2,369) | 1,943 | 92,473 | 3.23% |
| 2047 | 95,904 | (2,446) | 2,006 | 95,464 | 3.23% |
| 2048 | 99,008 | (2,525) | 2,071 | 98,554 | 3.24% |
| 2049 | 102,217 | (2,607) | 2,138 | 101,748 | 3.24% |
| 2050 | 105,532 | (2,691) | 2,207 | 105,048 | 3.24% |
| 2051 | 108,958 | (2,778) | 2,279 | 108,458 | 3.25% |
| 2052 | 112,497 | (2,869) | 2,353 | 111,981 | 3.25% |
| 2053 | 116,154 | (2,962) | 2,429 | 115,621 | 3.25% |
| 2054 | 119,933 | (3,058) | 2,508 | 119,383 | 3.25% |
| 2055 | 123,839 | (3,158) | 2,590 | 123,271 | 3.26% |
| 2056 | 127,875 | (3,261) | 2,674 | 127,288 | 3.26% |
| 2057 | 132,046 | (3,367) | 2,761 | 131,440 | 3.26% |
| 2058 | 136,356 | (3,477) | 2,852 | 135,730 | 3.26% |
| 2059 | 140,810 | (3,591) | 2,945 | 140,164 | 3.27% |
| 2060 | 145,414 | (3,708) | 3,041 | 144,747 | 3.27% |
| | | | | Average Annual | 3.33% |

Sources: District (historical data) and HVS (projections)

5. Restricted and Unrestricted Tax Revenue Available for Future Debt Issuance

Under the current Authorizing Legislation, DOR is responsible for collecting the revenues on behalf of the District. Under an agreement between the District and the DOR, the DOR has agreed to remit the net amount collected, less the statutory deduction, by the 20th day of the month following the month in which the department collected the taxes.

The difference in District Tax Collections and District Tax Distributions available for debt service results from a three-month lag between the month of liability for a lodging facility subject to the tax and the month a distribution would be available for debt service during any given Bond Year. Figure 5-1 below compares DOR collections with District Tax Distributions on a Bond Year basis for the last two calendar years. This difference will be used to calculate the adjustment between District Tax Collections and the amount available during each Bond Year.

**FIGURE 5-1
COMPARISON OF DISTRICT TAX COLLECTIONS
AND DISTRICT TAX DISTRIBUTION BY BOND YEAR**

| Calendar Year | District Tax Collections | Bond Year | District Tax Distributions for a Bond Year ended 12/15 | Distribution % of Liability |
|-------------------------|--------------------------|-----------|--|-----------------------------|
| 2017 | \$34,926,848 | 2017 | \$34,733,840 | 99.45% |
| 2018 | \$36,797,501 | 2018 | \$36,015,464 | 97.87% |
| Two Year Average | | | | 98.66% |

Source: District

Restricted Tax Revenue Available for Future Debt Service

Figure 5-2 below presents the projections of the total amounts of Restricted Tax Revenue available for debt service, after Net Administrative Fees, in each year of the life of the bonds. HVS converted the Net District Taxes to available District Revenues by accounting for the three-month lag between District Tax Collections and Bond Year.

FIGURE 5-2
AVAILABLE RESTRICTED DISTRICT REVENUES BY BOND YEAR (\$ THOUSANDS)

| Bond Year | Restricted Tax Distributions | | | Net Administrative Fees | Net District Restricted Tax Distributions |
|---------------|------------------------------|----------|-------------------------|-------------------------------|---|
| | Basic Room Tax | F&B Tax | Local Rental Car Tax | | |
| 2018 (Actual) | \$7,029 | \$11,508 | \$2,870 | (\$98) | \$21,308 |
| 2019 | 7,440 | 11,948 | 2,965 | (103) | 22,250 |
| 2020 | 7,923 | 12,306 | 3,039 | (107) | 23,161 |
| 2021 | 8,082 | 12,675 | 3,115 | (110) | 23,763 |
| 2022 | 8,365 | 13,055 | 3,193 | (113) | 24,500 |
| 2023 | 8,721 | 13,447 | 3,273 | (117) | 25,323 |
| 2024 | 9,092 | 13,850 | 3,354 | (121) | 26,176 |
| 2025 | 9,478 | 14,265 | 3,438 | (125) | 27,057 |
| 2026 | 9,834 | 14,694 | 3,524 | (129) | 27,923 |
| 2027 | 10,178 | 15,135 | 3,612 | (133) | 28,792 |
| 2028 | 10,534 | 15,588 | 3,703 | (137) | 29,688 |
| 2029 | 10,903 | 16,056 | 3,740 | (141) | 30,559 |
| 2030 | 11,285 | 16,538 | 3,778 | (145) | 31,455 |
| 2031 | 11,679 | 17,034 | 3,815 | (149) | 32,379 |
| 2032 | 12,088 | 17,545 | 3,854 | (154) | 33,333 |
| 2033 | 12,511 | 18,071 | 3,892 | (158) | 34,316 |
| 2034 | 12,949 | 18,612 | 3,931 | (163) | 35,330 |
| 2035 | 13,402 | 19,171 | 3,970 | (168) | 36,375 |
| 2036 | 13,871 | 19,746 | 4,010 | (173) | 37,454 |
| 2037 | 14,356 | 20,338 | 4,050 | (178) | 38,566 |
| 2038 | 14,858 | 20,948 | 4,090 | (183) | 39,714 |
| 2039 | 15,378 | 21,576 | 4,131 | (188) | 40,897 |
| 2040 | 15,917 | 22,223 | 4,172 | (194) | 42,119 |
| 2041 | 16,474 | 22,890 | 4,214 | (200) | 43,379 |
| 2042 | 17,051 | 23,577 | 4,256 | (206) | 44,678 |
| 2043 | 17,648 | 24,284 | 4,299 | (212) | 46,019 |
| 2044 | 18,265 | 25,013 | 4,342 | (218) | 47,401 |
| 2045 | 18,904 | 25,763 | 4,385 | (225) | 48,828 |
| 2046 | 19,566 | 26,536 | 4,429 | (232) | 50,299 |
| 2047 | 20,251 | 27,332 | 4,473 | (239) | 51,818 |
| 2048 | 20,960 | 28,152 | 4,518 | (246) | 53,383 |
| 2049 | 21,694 | 28,996 | 4,563 | (253) | 55,000 |
| 2050 | 22,453 | 29,867 | 4,608 | (261) | 56,667 |
| 2051 | 23,240 | 30,763 | 4,655 | (269) | 58,388 |
| 2052 | 24,053 | 31,685 | 4,701 | (277) | 60,162 |
| 2053 | 24,894 | 32,635 | 4,749 | (286) | 61,992 |
| 2054 | 25,765 | 33,614 | 4,796 | (294) | 63,881 |
| 2055 | 26,667 | 34,622 | 4,844 | (303) | 65,830 |
| 2056 | 27,600 | 35,661 | 4,893 | (313) | 67,841 |
| 2057 | 28,566 | 36,731 | 4,942 | (322) | 69,917 |
| 2058 | 29,566 | 37,833 | 4,991 | (332) | 72,058 |
| 2059 | 30,601 | 38,967 | 5,042 | (342) | 74,267 |
| 2060 | 31,672 | 40,136 | 5,092 | (353) | 76,548 |

Sources: Actual District & Projections HVS

Figure 5-3 below presents the projections of the Restricted Tax Revenue available for debt service after net Administrative Fees in each year. The aggregate debt service is netted from the Restricted Tax Revenue to determine the amount of Restricted Tax Revenue available to District.

FIGURE 5-3
RESTRICTED TAX REVENUE AVAILABLE FOR FUTURE DEBT SERVICE (\$ THOUSANDS)

| Bond Year | Net District Restricted Tax Distributions | Total Senior Lien Debt Service * | Total Junior Lien Debt Service * | Aggregate Debt Service ¹ | Available Restrict Tax to District |
|-----------|---|----------------------------------|----------------------------------|-------------------------------------|------------------------------------|
| 2019 | \$22,250 | \$7,920 | \$16,316 | \$24,236 | (\$1,986) |
| 2020 | 23,161 | 7,910 | 17,205 | 25,115 | (1,953) |
| 2021 | 23,763 | 7,400 | 18,271 | 25,671 | (1,908) |
| 2022 | 24,500 | 7,400 | 18,698 | 26,098 | (1,598) |
| 2023 | 25,323 | 7,400 | 18,684 | 26,084 | (761) |
| 2024 | 26,176 | 7,400 | 18,682 | 26,082 | 94 |
| 2025 | 27,057 | 7,400 | 18,670 | 26,070 | 988 |
| 2026 | 27,923 | 7,400 | 18,669 | 26,069 | 1,854 |
| 2027 | 28,792 | 7,400 | 18,661 | 26,061 | 2,731 |
| 2028 | 29,688 | 7,305 | 6,194 | 13,499 | 16,189 |
| 2029 | 30,559 | 7,310 | 6,176 | 13,486 | 17,072 |
| 2030 | 31,455 | 7,305 | 6,165 | 13,470 | 17,985 |
| 2031 | 32,379 | 7,310 | 6,146 | 13,456 | 18,924 |
| 2032 | 33,333 | 7,310 | 6,132 | 13,442 | 19,891 |
| 2033 | 34,316 | 8,840 | 3,383 | 12,223 | 22,093 |
| 2034 | 35,330 | 8,835 | 3,382 | 12,217 | 23,112 |
| 2035 | 36,375 | 8,840 | 3,383 | 12,223 | 24,152 |
| 2036 | 37,454 | 8,840 | 3,385 | 12,225 | 25,229 |
| 2037 | 38,566 | 8,835 | 3,383 | 12,218 | 26,348 |
| 2038 | 39,714 | 8,840 | 3,384 | 12,224 | 27,489 |
| 2039 | 40,897 | 8,835 | 3,385 | 12,220 | 28,677 |
| 2040 | 42,119 | 8,835 | 3,382 | 12,217 | 29,902 |
| 2041 | 43,379 | 8,835 | 3,383 | 12,218 | 31,160 |
| 2042 | 44,678 | 8,835 | 3,385 | 12,220 | 32,458 |
| 2043 | 46,019 | 8,835 | 3,381 | 12,216 | 33,803 |
| 2044 | 47,401 | 8,835 | 3,381 | 12,216 | 35,185 |
| 2045 | 48,828 | 8,835 | 3,385 | 12,220 | 36,608 |
| 2046 | 50,299 | 8,840 | 3,383 | 12,223 | 38,076 |
| 2047 | 51,818 | 0 | 0 | 0 | 51,818 |
| 2048 | 53,383 | 0 | 0 | 0 | 53,383 |
| 2049 | 55,000 | 0 | 0 | 0 | 55,000 |
| 2050 | 56,667 | 0 | 0 | 0 | 56,667 |
| 2051 | 58,388 | 0 | 0 | 0 | 58,388 |
| 2052 | 60,162 | 0 | 0 | 0 | 60,162 |
| 2053 | 61,992 | 0 | 0 | 0 | 61,992 |
| 2054 | 63,881 | 0 | 0 | 0 | 63,881 |
| 2055 | 65,830 | 0 | 0 | 0 | 65,830 |
| 2056 | 67,841 | 0 | 0 | 0 | 67,841 |
| 2057 | 69,917 | 0 | 0 | 0 | 69,917 |
| 2058 | 72,058 | 0 | 0 | 0 | 72,058 |
| 2059 | 74,267 | 0 | 0 | 0 | 74,267 |
| 2060 | 76,548 | 0 | 0 | 0 | 76,548 |

* Baird March 8, 2019

¹ calculated in accordance with the terms and provisions of the General Resolution

**Restricted and
Unrestricted Tax
Revenue Available for
Future Debt Service**

Figure 5-4 below presents the projections of the total amounts of tax revenue available for debt service, after Administrative Fees and Administration Fees Refund, in each year of the life of the bonds. HVS converted the Net District Taxes to available District Revenues by accounting for the three-month lag between District Tax Collections and Bond Year.

FIGURE 5-4
AVAILABLE DISTRICT TAX REVENUE BY BOND YEAR (\$ THOUSANDS)

| Bond Year | Restricted Taxes | Additional Room Tax | Net Administrative Fees | Available District Revenue |
|---------------|------------------|---------------------|-------------------------|----------------------------|
| 2018 (Actual) | \$21,406 | \$14,775 | (\$166) | \$36,015 |
| 2019 | 22,353 | 15,639 | (174) | 37,817 |
| 2020 | 23,268 | 16,655 | (183) | 39,740 |
| 2021 | 23,872 | 16,988 | (187) | 40,673 |
| 2022 | 24,613 | 17,583 | (194) | 42,003 |
| 2023 | 25,440 | 18,330 | (201) | 43,569 |
| 2024 | 26,296 | 19,110 | (208) | 45,198 |
| 2025 | 27,182 | 19,922 | (216) | 46,888 |
| 2026 | 28,051 | 20,669 | (223) | 48,496 |
| 2027 | 28,924 | 21,392 | (231) | 50,085 |
| 2028 | 29,825 | 22,141 | (238) | 51,727 |
| 2029 | 30,699 | 22,915 | (246) | 53,368 |
| 2030 | 31,600 | 23,717 | (254) | 55,064 |
| 2031 | 32,529 | 24,547 | (262) | 56,814 |
| 2032 | 33,487 | 25,406 | (270) | 58,623 |
| 2033 | 34,474 | 26,295 | (279) | 60,491 |
| 2034 | 35,492 | 27,216 | (288) | 62,420 |
| 2035 | 36,543 | 28,168 | (297) | 64,414 |
| 2036 | 37,626 | 29,153 | (306) | 66,473 |
| 2037 | 38,744 | 30,174 | (316) | 68,602 |
| 2038 | 39,897 | 31,229 | (326) | 70,799 |
| 2039 | 41,085 | 32,322 | (337) | 73,071 |
| 2040 | 42,313 | 33,454 | (348) | 75,419 |
| 2041 | 43,579 | 34,625 | (359) | 77,845 |
| 2042 | 44,884 | 35,837 | (370) | 80,350 |
| 2043 | 46,231 | 37,091 | (382) | 82,939 |
| 2044 | 47,620 | 38,389 | (395) | 85,614 |
| 2045 | 49,053 | 39,733 | (407) | 88,379 |
| 2046 | 50,531 | 41,124 | (420) | 91,235 |
| 2047 | 52,057 | 42,563 | (434) | 94,186 |
| 2048 | 53,629 | 44,053 | (448) | 97,234 |
| 2049 | 55,253 | 45,595 | (463) | 100,386 |
| 2050 | 56,928 | 47,191 | (478) | 103,641 |
| 2051 | 58,657 | 48,842 | (493) | 107,006 |
| 2052 | 60,439 | 50,552 | (509) | 110,482 |
| 2053 | 62,278 | 52,321 | (526) | 114,073 |
| 2054 | 64,175 | 54,152 | (543) | 117,784 |
| 2055 | 66,134 | 56,047 | (560) | 121,620 |
| 2056 | 68,154 | 58,009 | (579) | 125,584 |
| 2057 | 70,239 | 60,039 | (598) | 129,680 |
| 2058 | 72,390 | 62,141 | (617) | 133,913 |
| 2059 | 74,609 | 64,315 | (637) | 138,287 |
| 2060 | 76,900 | 66,567 | (658) | 142,809 |

Sources: Actual District & Projections HVS

Figure 5-5 below presents the projections of the total amounts of tax revenue available for debt service through 2060 after net Administrative Fees in each year of the life of the bonds and the aggregate existing debt service. The Additional Room Tax, while available for payment of debt service, is being used to support the ongoing operations of the District.

FIGURE 5-5
PROJECTED RESTRICTED AND UNRESTRICTED TAX REVENUE
AVAILABLE FOR FUTURE DEBT SERVICE (\$ THOUSANDS)

| Bond Year | Net District Tax Distributions | Total Senior Lien Debt Service * | Total Junior Lien Debt Service * | Aggregate Debt Service ¹ | Available to District |
|-----------|--------------------------------|----------------------------------|----------------------------------|-------------------------------------|-----------------------|
| 2019 | \$37,817 | \$7,920 | \$16,316 | \$24,236 | \$13,581 |
| 2020 | 39,740 | 7,910 | 17,205 | 25,115 | 14,625 |
| 2021 | 40,673 | 7,400 | 18,271 | 25,671 | 15,002 |
| 2022 | 42,003 | 7,400 | 18,698 | 26,098 | 15,905 |
| 2023 | 43,569 | 7,400 | 18,684 | 26,084 | 17,485 |
| 2024 | 45,198 | 7,400 | 18,682 | 26,082 | 19,116 |
| 2025 | 46,888 | 7,400 | 18,670 | 26,070 | 20,818 |
| 2026 | 48,496 | 7,400 | 18,669 | 26,069 | 22,428 |
| 2027 | 50,085 | 7,400 | 18,661 | 26,061 | 24,025 |
| 2028 | 51,727 | 7,305 | 6,194 | 13,499 | 38,228 |
| 2029 | 53,368 | 7,310 | 6,176 | 13,486 | 39,882 |
| 2030 | 55,064 | 7,305 | 6,165 | 13,470 | 41,593 |
| 2031 | 56,814 | 7,310 | 6,146 | 13,456 | 43,358 |
| 2032 | 58,623 | 7,310 | 6,132 | 13,442 | 45,180 |
| 2033 | 60,491 | 8,840 | 3,383 | 12,223 | 48,268 |
| 2034 | 62,420 | 8,835 | 3,382 | 12,217 | 50,203 |
| 2035 | 64,414 | 8,840 | 3,383 | 12,223 | 52,191 |
| 2036 | 66,473 | 8,840 | 3,385 | 12,225 | 54,248 |
| 2037 | 68,602 | 8,835 | 3,383 | 12,218 | 56,383 |
| 2038 | 70,799 | 8,840 | 3,384 | 12,224 | 58,575 |
| 2039 | 73,071 | 8,835 | 3,385 | 12,220 | 60,851 |
| 2040 | 75,419 | 8,835 | 3,382 | 12,217 | 63,202 |
| 2041 | 77,845 | 8,835 | 3,383 | 12,218 | 65,626 |
| 2042 | 80,350 | 8,835 | 3,385 | 12,220 | 68,130 |
| 2043 | 82,939 | 8,835 | 3,381 | 12,216 | 70,723 |
| 2044 | 85,614 | 8,835 | 3,381 | 12,216 | 73,398 |
| 2045 | 88,379 | 8,835 | 3,385 | 12,220 | 76,158 |
| 2046 | 91,235 | 8,840 | 3,383 | 12,223 | 79,011 |
| 2047 | 94,186 | 0 | 0 | 0 | 94,186 |
| 2048 | 97,234 | 0 | 0 | 0 | 97,234 |
| 2049 | 100,386 | 0 | 0 | 0 | 100,386 |
| 2050 | 103,641 | 0 | 0 | 0 | 103,641 |
| 2051 | 107,006 | 0 | 0 | 0 | 107,006 |
| 2052 | 110,482 | 0 | 0 | 0 | 110,482 |
| 2053 | 114,073 | 0 | 0 | 0 | 114,073 |
| 2054 | 117,784 | 0 | 0 | 0 | 117,784 |
| 2055 | 121,620 | 0 | 0 | 0 | 121,620 |
| 2056 | 125,584 | 0 | 0 | 0 | 125,584 |
| 2057 | 129,680 | 0 | 0 | 0 | 129,680 |
| 2058 | 133,913 | 0 | 0 | 0 | 133,913 |
| 2059 | 138,287 | 0 | 0 | 0 | 138,287 |
| 2060 | 142,809 | 0 | 0 | 0 | 142,809 |

* Baird March 8, 2019

¹ calculated in accordance with the terms and provisions of the General Resolution

Risk Factors

These projections of District Tax Distributions and District Tax Collections are based on a series of assumptions about future growth in hotel supply, demand, and price as well as food and beverage sales and rental car sales. Actual events and circumstances may differ from these assumptions, and these differences may have a material effect on the availability of funds.

All projections are subject to a variety of known and unknown risks. Several of the most important known potential risk factors that could significantly affect revenue projections are described below.

Market Risk

The amount of Basic and Additional Room Tax Collection depends on the long-term growth of the local and national economies. Economic growth lower than the rates of growth assumed in this projection would decrease spending for hotel rooms and thereby cause Room Taxes to produce less revenue than the projected amounts. Lower comparative economic growth could also adversely impact food and beverage sales resulting in lower than predicted Food and Beverage Tax Collections to the District. Fewer travelers could result in lower than expected Local Rental Car Tax Collections.

Spending on business travel and leisure is particularly sensitive to changes in economic conditions. Historically, business travel is curtailed during recessions and spending on hotels and auto rentals may fail to grow or may even decline. The effect of the business cycle on individual business and leisure travel has historically caused volatility in hotel revenues. Since the timing of business cycles cannot be predicted, the projections assume a steady rate of long-term growth. Even if the projected long-term growth rates materialize, annual revenues are likely to be greater or less than the annual projections, depending on the phase of the business cycle. Fluctuations in business travel will also impact rental car receipts. As business travel through the General Mitchell International Airport ebb and flow, Local Rental Car Tax Collections are expected to follow a similar pattern.

Geopolitical Risks

Geopolitical risks comprise another category of potential events that could have negative impacts on Room Tax Receipts. The terrorist attacks in September 2001 produced a sharp, but temporary, decline in hotel demand throughout the US as well as in food and beverage sales and auto rentals. Geopolitical risks are real. Unfortunately, they are almost impossible to predict.

Inflation Risk

The projections are based on certain assumptions regarding future inflation rates. Long-term inflation growth at the rates assumed for these projections cannot be assured.

Technology Risk

The development of self-driving electric cars may have a significant impact on the rental car business model. The projected availability of low cost, easy to access self-driving electric cars will create a new competitor for rental car companies. Currently, the technology does not exist, but major investments in bringing self-

driving electric cars to market are underway by most major car companies and the number of technology companies.

The continued expansion of firms like Airbnb and HomeAway in short-term vacation rentals is having a negative impact on hotel demand as customers seek other alternatives. The leading firm, Airbnb, has entered into several voluntary tax agreement with local governments. The ability of the Basic Room Tax and the Additional Room Tax to be collected from firms in the short-term vacation rental market will have an impact on revenues as this market continues to expand.

Long-Term Future of Business Travel

Long-term changes in communications technology and methods of information exchange may reduce the amount of future business travel. Such a long-term reduction could reduce spending on hotels and thereby reduce the amounts of projected Room Tax Receipts.

Additional Room Tax

The Additional Room Tax is not restricted to only paying debt service. The majority of the Additional Room Tax is currently being used to fund the ongoing operations of the District. While the Additional Room Tax can be pledged for debt service the impact on the operations of the District could be significant if needed to pay debt service.

6. Statement of Assumptions and Limiting Conditions

This study is to be used in whole and not in part.

We assume no responsibility for matters of a legal nature.

All information, historical data, financial statements, estimates, and opinions obtained from parties not employed by HVS Convention, Sports & Entertainment Facilities Consulting, are assumed to be true and correct. We can assume no liability resulting from misinformation.

We are not required to give testimony or attendance in court or other public forum by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.

If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this study, it is recommended that the reader contacts us.

We take no responsibility for any events or circumstances that take place subsequent to either the date of our estimate or the date of our field inspection, whichever occurs first.

In the interest of simplicity, many numbers have been rounded. Thus, these figures may be subject to small rounding errors.

It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and the use of this study by third parties shall be solely at the risk of the client and/or third parties. The use of this study is also subject to the terms and conditions set forth in our engagement letter with the client.

Although this analysis employs various mathematical calculations to provide estimates, the final estimate is based on some subjective judgments and may be influenced by our experience and other factors not specifically set forth in this study.

This study was prepared by HVS Convention, Sports & Entertainment Facilities Consulting. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of HVS Convention, Sports & Entertainment Facilities Consulting as employees, rather than as individuals.

7. Certification

We, the undersigned, hereby certify:

1. that the statements of fact presented in this study are true and correct to the best of our knowledge and belief;
2. that the reported analyses, opinions, and conclusions presented in this study are limited only by the assumptions and limiting conditions set forth, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. that we have no current or contemplated interests in any venue or financing that is the subject of this study;
4. HVS is not a municipal advisor and is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financial product or issuance of municipal securities;
5. that we have no personal interest or bias with respect to the subject matter of this study or the parties involved;
6. that this study sets forth all the limiting conditions (imposed by the terms of this assignment) affecting the analyses, opinions, and conclusions presented herein;
7. that Thomas Hazinski was responsible for overall management of the assignment and reviewed all findings; and that Brian Harris participated in information gathering, analysis, and assisted in the formulation of projections;
8. that the fee paid for the preparation of this study is not contingent upon our conclusions, or the occurrence of a subsequent event directly related to the intended use of this study; and
9. that our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Draft

Thomas Hazinski
Managing Director

Draft



Convention, Sports & Entertainment
Facilities Consulting
Chicago, Illinois

Brian Harris

Senior Director



Appendix A – WCD Expansion Update 12 18 2018

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Wisconsin Center Expansion Operating Projections and Impact Study Milwaukee, Wisconsin

DRAFT

December 18, 2018



Wisconsin Center Expansion Update

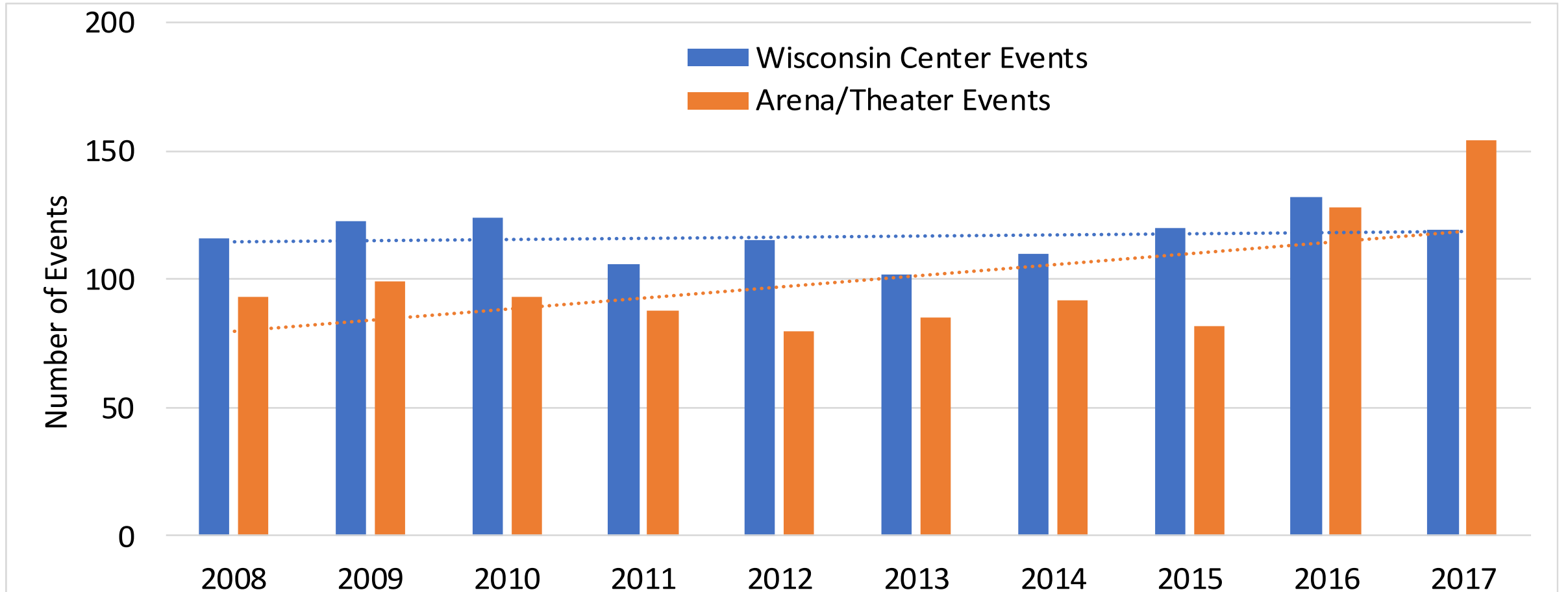
The Wisconsin Center District (“WCD”) and Visit Milwaukee engaged HVS Convention, Sports & Entertainment Facilities Consulting (“HVS”) to update our analysis of a proposed expansion of the Wisconsin Center. HVS has previously completed expansion studies in April of 2014 and June of 2015. In this latest study, HVS considered the building program recommendations presented in a June 2018 report prepared by Crossroads Consulting and Populous. We also considered other new developments in downtown Milwaukee, including the development of the Fiserv Forum, planned hotel development, and recent trends in the convention industry. As a part of this update, HVS completed the following:

- Reviewed and classified event demand and attendance that occurred at the WCD during calendar years 2015-2017,
- Analyzed recent lost business reports prepared by Visit Milwaukee,
- Prepared updated event demand and attendance projections for expansion and no expansion scenarios,
- Prepared room night estimates that would occur in the Milwaukee market,
- Prepared updated financial projections for both the no expansion and expansion scenarios,
- Prepared an economic and fiscal impact for the expansion of the Wisconsin Center

Historical Demand & Lost Business

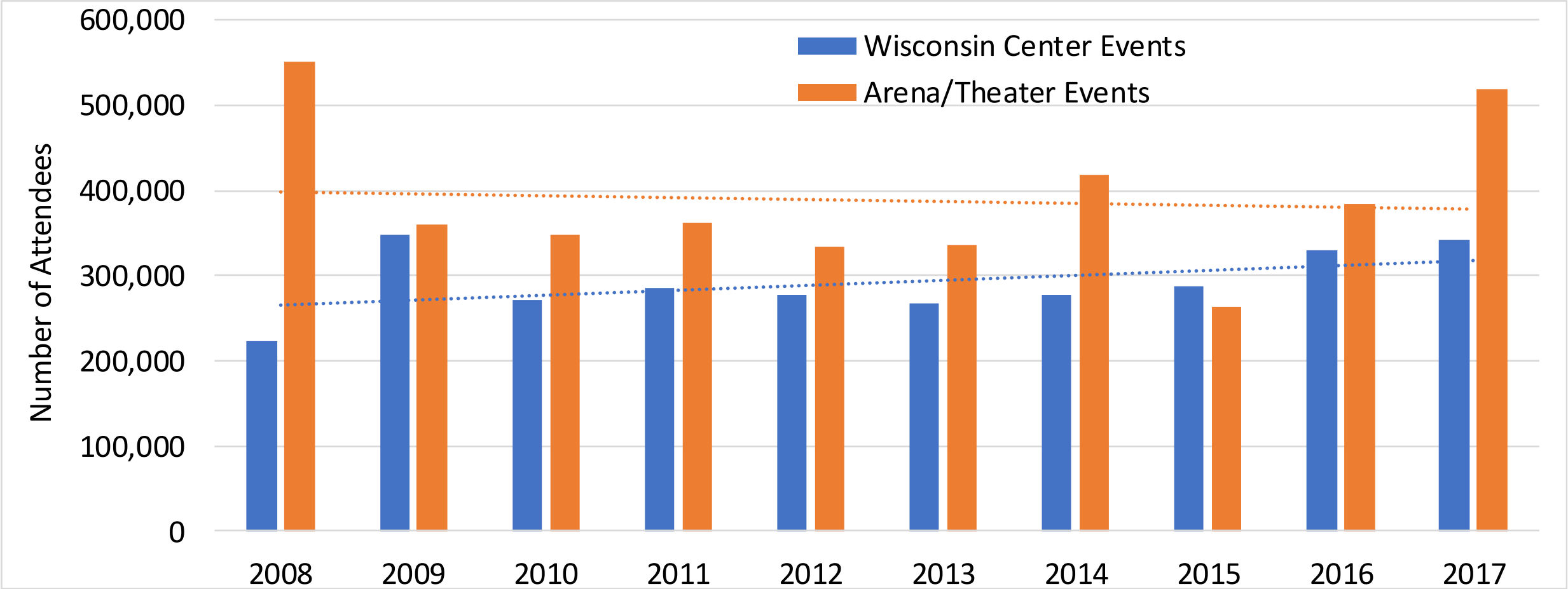


Historical Events (2008-2017)



Source: Wisconsin Center District

Historical Attendance (2008-2017)



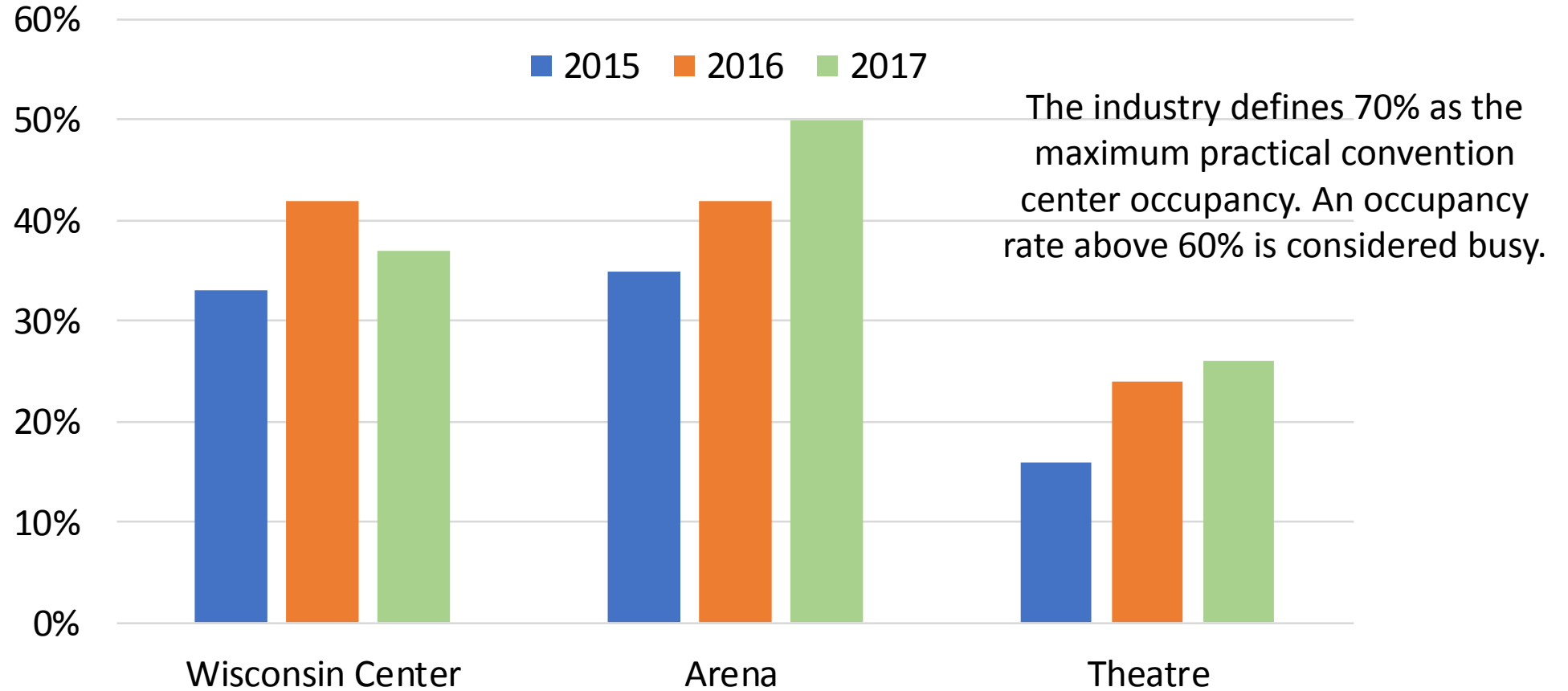
Source: Wisconsin Center District

Historical Event Demand by Type (2013-2017)

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------|---------|---------|---------|---------|---------|
| Events | | | | | |
| Conventions | 18 | 24 | 15 | 19 | 14 |
| Tradeshows | 10 | 15 | 7 | 6 | 6 |
| Consumer Shows/Fairs | 9 | 8 | 7 | 7 | 10 |
| Conferences | 25 | 15 | 25 | 20 | 19 |
| Meetings | 16 | 15 | 25 | 30 | 22 |
| Banquets | 16 | 25 | 19 | 26 | 26 |
| Exhibit Hall Sports | 8 | 8 | 11 | 12 | 11 |
| Concerts & Entertainment | 26 | 21 | 18 | 38 | 35 |
| Arena Sports | 29 | 37 | 35 | 52 | 84 |
| Assemblies | 30 | 34 | 29 | 38 | 35 |
| Total | 187 | 202 | 191 | 248 | 262 |
| Attendees | | | | | |
| Conventions | 55,751 | 49,940 | 40,252 | 38,280 | 28,125 |
| Tradeshows | 19,104 | 55,190 | 27,700 | 37,772 | 51,069 |
| Consumer Shows/Fairs | 115,408 | 107,300 | 88,600 | 101,057 | 91,633 |
| Conferences | 25,474 | 13,185 | 21,451 | 30,122 | 12,170 |
| Meetings | 6,115 | 5,786 | 8,940 | 9,303 | 12,619 |
| Banquets | 18,480 | 24,127 | 23,180 | 25,879 | 23,991 |
| Exhibit Hall Sports | 27,568 | 22,214 | 38,641 | 43,216 | 61,000 |
| Concerts & Entertainment | 149,648 | 223,435 | 96,525 | 133,050 | 125,599 |
| Arena Sports | 73,810 | 87,291 | 71,834 | 125,999 | 249,091 |
| Assemblies | 112,186 | 108,123 | 94,269 | 124,226 | 145,048 |
| Total | 603,544 | 696,591 | 511,392 | 668,904 | 800,345 |

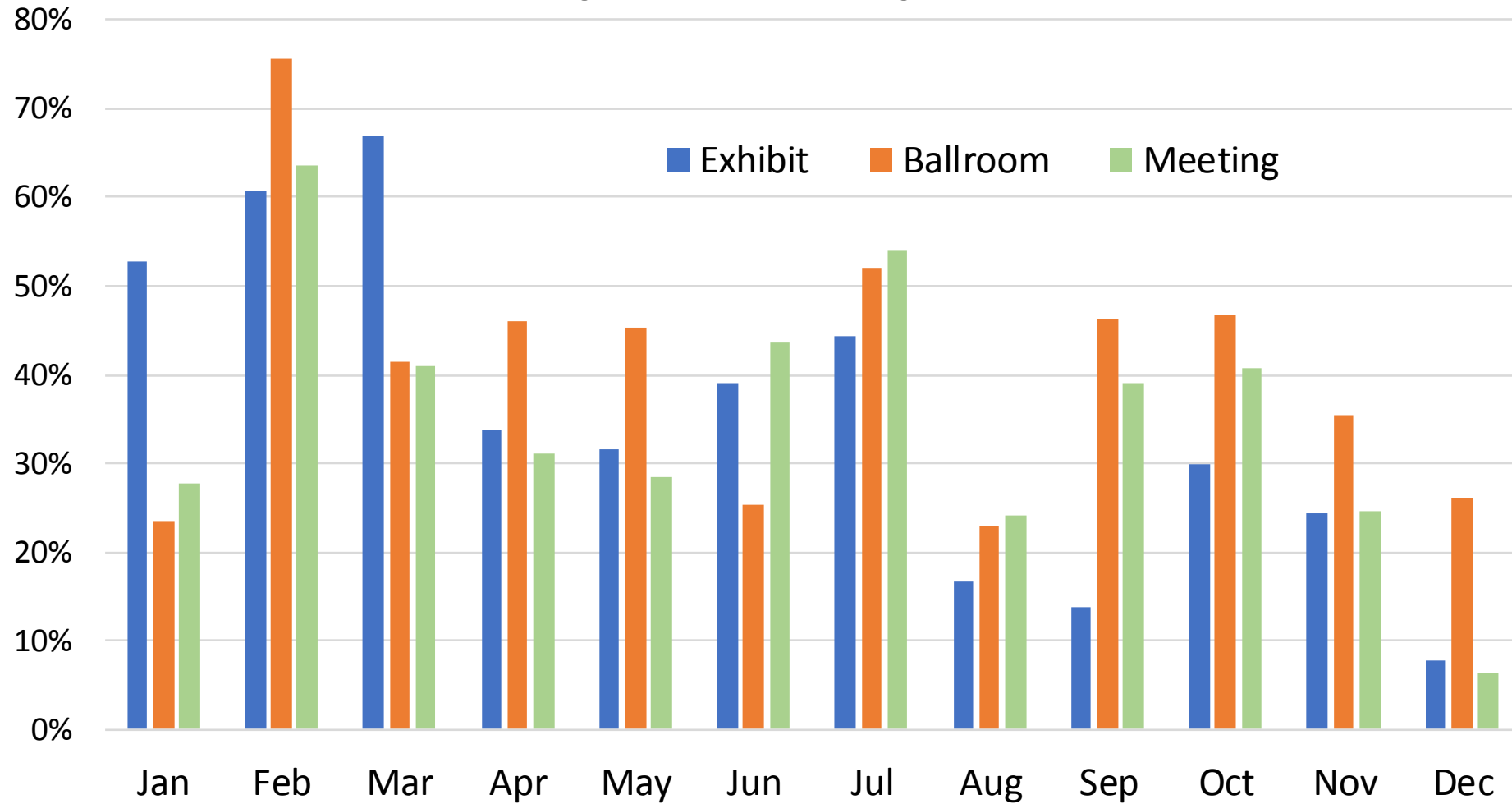
Source: Wisconsin Center District

Building Occupancy (2015-2017)



Source: Wisconsin Center District

Average Monthly Wisconsin Center Room Occupancy (2015-2017)

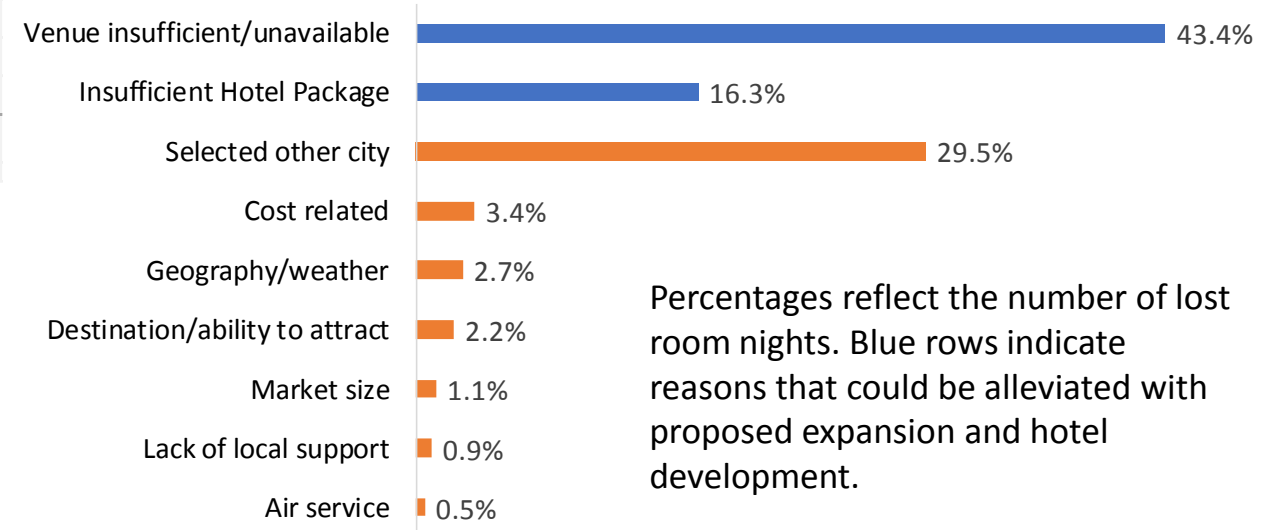


Source: Wisconsin Center District

Lost Business

Events that would have occurred from 2015-2022

| | Events | Attendance | Vistation Days | Room Nights |
|-------------------------------------|------------|----------------|----------------|----------------|
| Venue/Hotel Related | | | | |
| Venue insufficient/unavailable | 80 | 241,593 | 594 | 333,710 |
| Hotel Related | 49 | 64,947 | 347 | 125,544 |
| Subtotal Venue/Hotel Related | 129 | 306,540 | 941 | 459,254 |
| Other Reasons | | | | |
| Selected other city | 98 | 136,774 | 670 | 226,902 |
| Cost related | 13 | 26,424 | 86 | 25,949 |
| Geography/weather | 6 | 7,925 | 44 | 20,608 |
| Destination/ability to attract | 9 | 10,400 | 59 | 16,794 |
| Market size | 3 | 6,418 | 22 | 8,750 |
| Lack of local support | 3 | 6,525 | 23 | 6,733 |
| Air service | 3 | 1,675 | 15 | 3,730 |
| Total Lost Business | 264 | 502,681 | 1,860 | 768,720 |



Value of Lost Business due to Inadequate Venue Space and Hotel Rooms

Based on historical data, we estimate the value of lost business as \$654 per room night.

Of the 769,000 lost room nights from 2015 through 2022, approximately 60% can be attributed to inadequate venue space and inadequate hotel package (459,300 room nights).

The corresponding value of economic impact of these venue and hotel related lost room nights is \$300 million.

Lost Business

Events that would have occurred 2015-2022

Milwaukee has lost business to convention centers and hotels in 50 cities throughout North America. Milwaukee has lost at least 3 events to each of the following.*

Chicago (17)

Dallas (15)

St. Louis (13)

Denver (12)

Minneapolis(10)

Atlanta (8)

Indianapolis (8)

Orlando (8)

Pittsburgh (8)

Cleveland (7)

New Orleans (7)

Madison (6)

Nashville (5)

Phoenix (5)

Austin (4)

Boston

Washington DC (4)

Wisconsin Dells Kalahari (4)

St. Paul (4)

Green Bay (3)

Louisville (3)

Omaha (3)

San Antonio (3)

San Diego (3)

Toronto (3)

* Based on lost business that reported selected city to Visit Milwaukee. Around 50% of lost events did not report selected city.

New Hotel Development in Downtown Milwaukee

Since 2015

Recently Opened

| | |
|--------------------------------|-----------|
| Kimpton Journeyman Hotel | 158 rooms |
| Homewood Suites by Hilton | 94 rooms |
| The Westin Milwaukee | 220 rooms |
| Spring Hill Suites by Marriott | 155 rooms |
| Hyatt Place | 150 rooms |

Scheduled to Open in 2019 and 2020

| | |
|----------------------|-----------|
| Drury Plaza Hotel | 200 rooms |
| Ascendant Hotel | 220 rooms |
| Moxy Hotel | 130 rooms |
| Cambria Hotel | 132 rooms |
| Potawatomi Expansion | 130 rooms |

HVS also considered the addition of at least 300 guest rooms in a new or expanded headquarter hotel.

Comparable Venues



Recent Developments in Competitive Cities

In-State Competitors

- In September of 2015, the City of Green Bay completed a \$24 million expansion of the KI Convention Center, including a new 24,500 square foot ballroom and 5,330 square feet of meeting space.
- Construction is ongoing on a \$31.5 million expansion of the Kalahari Resort in Wisconsin Dells. The 120,000 square foot expansion includes the development of a new 56,000 square foot ballroom and ten new meeting rooms. Other improvements include larger prefunction and registration spaces and loading dock enhancements. Completion is slated for the fall of 2019.
- La Crosse Wisconsin is considering a \$42 million expansion of the La Crosse Center. In July 2018, the mayor vetoed City Council's approval of additional funding for a concept plan that would have encroached on public park property. This plan included the development of a 17,700 square foot ballroom, 10,000 square feet of additional meeting space, and an outdoor terrace as well as a redesigned entrance and deferred maintenance. Architects are currently working on a plan that will avoid encroaching on the park.
- Madison Wisconsin is currently considering an expansion and renovation of the Alliant Energy Center. Architects are currently working on Phase One of a master plan to include the development of a hotel and ballroom, expansion and renovation of the coliseum, new retail space, and parking and landscaping improvements.

Recent Developments in Competitive Cities

National Competitors

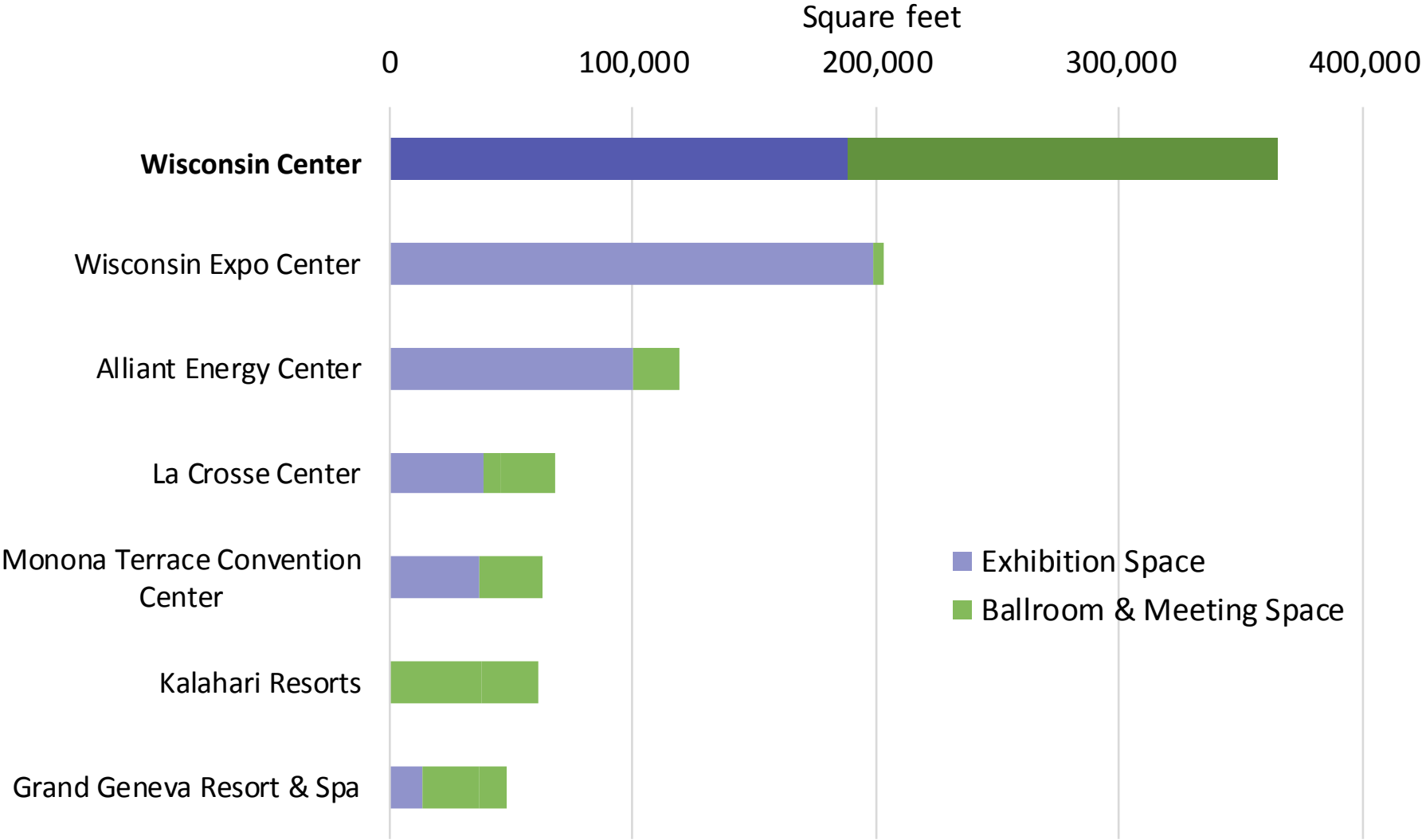
- In the summer of 2017, the Greater Columbus Convention Center completed a \$140 million expansion and renovation. The project added 137,000 square feet of new space and renovated 80,000 square feet of existing spaces. Nearly all function spaces were renovated and expanded. Other upgrades include improvements to the Hyatt Hotel's meeting and ballroom spaces, new public art, a food court, and landscaping and signage improvements.
- In the summer of 2018, the Kentucky International Convention Center in Louisville reopened after a two-year reconstruction project. The \$180 million project did not expand the venue's footprint, but completely redeveloped a 192,000 square foot exhibit hall, 40,000 square foot ballroom, and 59,000 square feet of meeting space.
- In the spring of 2018, Kansas City broke ground on a new 800-room Loews Hotel adjacent to Bartle Hall. Completion of the \$325 million hotel is expected by the spring of 2020.
- Indianapolis is currently pursuing the development of a new 800-room convention center hotel attached to the Indiana Convention Center and the development of a new 50,000 square foot ballroom either in the Indiana Convention Center or the new hotel.
- Grand Rapids is exploring the feasibility of a new 400-plus room convention center hotel on a site adjacent to the DeVos Place Convention Center.
- Cincinnati is in the early stages of considering an expansion of the Duke Energy Center and redevelopment of its adjacent headquarters hotel.
- St. Louis is currently evaluating a 150,000-200,000 square foot exhibit hall expansion in the America's Center.

Comparable Venues

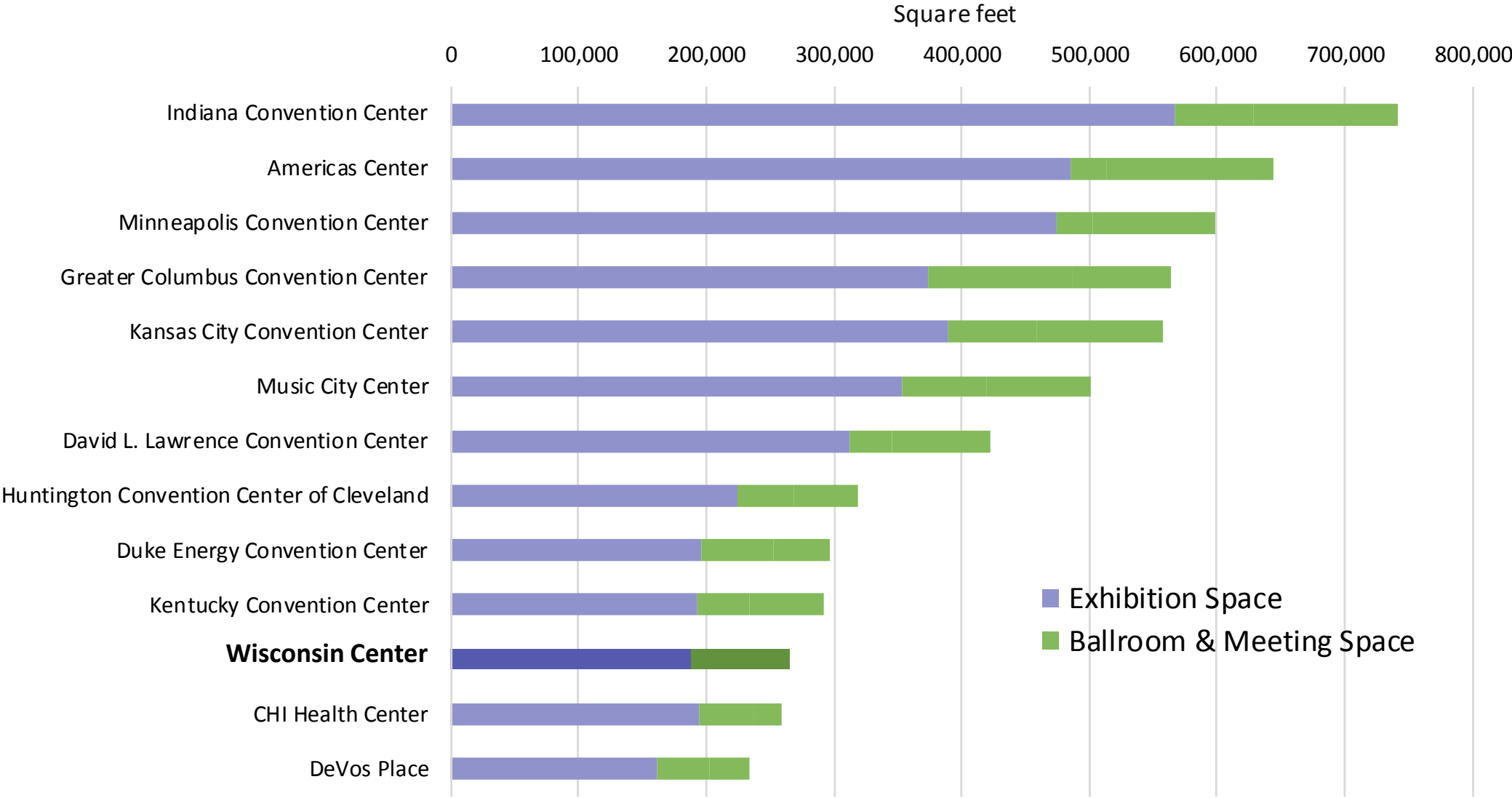
Figures include recent expansions completed by the time of this report.

| In-State Competitors | | | |
|---|-----------------|---------------------|-------------|
| Name | Location | Function Space (sf) | |
| Expanded Wisconsin Center | Milwaukee | 462,531 | <div></div> |
| Wisconsin Center | Milwaukee | 265,841 | <div></div> |
| Wisconsin Expo Center | Milwaukee | 202,727 | <div></div> |
| Alliant Energy Center | Madison | 119,360 | <div></div> |
| La Crosse Center | La Crosse | 68,012 | <div></div> |
| Monona Terrace Convention Center | Madison | 62,830 | <div></div> |
| Kalahari Resorts | Wisconsin Dells | 61,342 | <div></div> |
| Grand Geneva Resort & Spa | Lake Geneva | 48,166 | <div></div> |
| KI Convention Center | Green Bay | 41,801 | <div></div> |
| Average | | 148,068 | |
| National Competitors | | | |
| Name | Location | Function Space (sf) | |
| Indiana Convention Center | Indianapolis | 742,075 | <div></div> |
| Americas Center | St. Louis | 644,582 | <div></div> |
| Minneapolis Convention Center | Minneapolis | 597,980 | <div></div> |
| Greater Columbus Convention Center | Columbus | 563,105 | <div></div> |
| Kansas City Convention Center | Kansas City | 558,373 | <div></div> |
| Music City Center | Nashville | 500,593 | <div></div> |
| Expanded Wisconsin Center | Milwaukee | 462,531 | <div></div> |
| David L. Lawrence Convention Center | Pittsburgh | 423,046 | <div></div> |
| Huntington Convention Center of Cleveland | Cleveland | 318,225 | <div></div> |
| Duke Energy Convention Center | Cincinnati | 296,972 | <div></div> |
| Kentucky Convention Center | Louisville | 291,678 | <div></div> |
| Wisconsin Center | Milwaukee | 265,841 | <div></div> |
| CHI Health Center | Omaha | 258,226 | <div></div> |
| DeVos Place | Grand Rapids | 234,000 | <div></div> |
| Average | | 439,802 | |

Wisconsin Convention Centers – Function Space Assessment



National Convention Centers – Function Space Assessment



Adjacent Hotel Supply

Milwaukee is Currently evaluating two hotel projects that would add between 300 and 509 adjacent hotel rooms. The 509-room project is shown.

| In-State Competitors | | |
|---|-----------------|----------------------|
| Name | Location | Adjacent Hotel Rooms |
| Expanded Wisconsin Center | Milwaukee | 1,877 |
| Wisconsin Center | Milwaukee | 1,368 |
| Kalahari Resorts | Wisconsin Dells | 750 |
| KI Convention Center | Green Bay | 356 |
| Grand Geneva Resort & Spa | Lake Geneva | 355 |
| La Crosse Center | La Crosse | 283 |
| Monona Terrace Community and Convention | Madison | 240 |
| Alliant Energy Center | Madison | 140 |
| Wisconsin Expo Center | Milwaukee | 0 |
| Average | | 671 |

| National Competitors | | |
|---|--------------|----------------------|
| Name | Location | Adjacent Hotel Rooms |
| Indiana Convention Center | Indianapolis | 4,716 |
| Duke Energy Convention Center | Cincinnati | 1,919 |
| Expanded Wisconsin Center | Milwaukee | 1,877 |
| Minneapolis Convention Center | Minneapolis | 1,787 |
| Huntington Convention Center of Cleveland | Cleveland | 1,484 |
| Americas Center | St. Louis | 1,422 |
| Wisconsin Center | Milwaukee | 1,368 |
| Kansas City Convention Center | Kansas City | 1,185 |
| Greater Columbus Convention Center | Columbus | 1,163 |
| Music City Center | Nashville | 1,130 |
| DeVos Place | Grand Rapids | 1,016 |
| Kentucky International Convention Center | Louisville | 1,009 |
| David L. Lawrence Convention Center | Pittsburgh | 798 |
| CHI Health Center | Omaha | 600 |
| Average | | 1,534 |

Comparable Markets - Population, Income, and Business Presence

| Destination Name | Market Population * | | Destination Name | Median HH Income * | | Destination Name | Business Establishments * | |
|------------------|---------------------|-------------|------------------|--------------------|-------------|------------------|---------------------------|-------------|
| Minneapolis | 3,628,856 | <div></div> | Minneapolis | 75,487 | <div></div> | Minneapolis | 121,870 | <div></div> |
| St. Louis | 2,859,358 | <div></div> | Omaha | 62,832 | <div></div> | St. Louis | 95,656 | <div></div> |
| Pittsburgh | 2,373,138 | <div></div> | Kansas City | 62,196 | <div></div> | Pittsburgh | 88,695 | <div></div> |
| Cincinnati | 2,210,953 | <div></div> | St. Louis | 59,867 | <div></div> | Kansas City | 72,244 | <div></div> |
| Kansas City | 2,157,584 | <div></div> | Cincinnati | 59,553 | <div></div> | Cleveland | 71,922 | <div></div> |
| Columbus | 2,090,104 | <div></div> | Milwaukee | 59,407 | <div></div> | Cincinnati | 71,684 | <div></div> |
| Cleveland | 2,071,243 | <div></div> | Columbus | 58,564 | <div></div> | Nashville | 67,943 | <div></div> |
| Indianapolis | 2,053,679 | <div></div> | Indianapolis | 58,470 | <div></div> | Columbus | 66,106 | <div></div> |
| Nashville | 1,938,307 | <div></div> | Nashville | 57,615 | <div></div> | Indianapolis | 64,491 | <div></div> |
| Milwaukee | 1,574,004 | <div></div> | Grand Rapids | 56,156 | <div></div> | Milwaukee | 53,889 | <div></div> |
| Louisville | 1,304,874 | <div></div> | Pittsburgh | 55,529 | <div></div> | Louisville | 42,344 | <div></div> |
| Grand Rapids | 1,066,195 | <div></div> | Louisville | 55,080 | <div></div> | Grand Rapids | 36,051 | <div></div> |
| Omaha | 952,190 | <div></div> | Cleveland | 54,018 | <div></div> | Omaha | 31,839 | <div></div> |

* Based on respective metropolitan statistical areas

Sources: Esri

Comparative Destination Analysis

(Assessing convention center district, costs, and ease of travel)

| City Name | 2018 Total Population* | Total Daytime Population* | 2018 Median Household Income (\$)* | Hotel and Lodging Businesses* | Food Service & Drinking Businesses* | Arts, Entertainment & Recreation Businesses * | Storefront Businesses* | Occupied Housing (%)* | Cost Index** | Airport Enplanements*** |
|------------------|------------------------|---------------------------|------------------------------------|-------------------------------|-------------------------------------|---|------------------------|-----------------------|--------------|-------------------------|
| Minneapolis | 21,739 | 117,514 | 36,644 | 36 | 271 | 68 | 1,005 | 87 | 0.98 | 38,034,341 |
| Cincinnati | 10,167 | 106,342 | 33,967 | 16 | 200 | 70 | 955 | 77 | 1.10 | 6,773,905 |
| Milwaukee | 8,750 | 67,371 | 53,537 | 25 | 184 | 64 | 855 | 92 | 1.12 | 6,904,670 |
| Kansas City | 8,145 | 62,172 | 49,652 | 15 | 133 | 49 | 515 | 90 | 1.07 | 11,503,936 |
| Louisville | 7,768 | 80,843 | 13,259 | 29 | 145 | 47 | 545 | 88 | 1.06 | 3,474,340 |
| St. Louis | 6,957 | 43,122 | 58,455 | 23 | 130 | 55 | 415 | 74 | 1.11 | 14,730,656 |
| Columbus | 6,854 | 63,530 | 61,500 | 18 | 188 | 40 | 680 | 92 | 1.07 | 7,576,592 |
| Grand Rapids | 6,118 | 34,566 | 29,464 | 14 | 125 | 38 | 435 | 89 | 1.07 | 2,811,622 |
| Cleveland | 5,588 | 52,143 | 64,298 | 18 | 169 | 42 | 540 | 79 | 1.08 | 9,140,445 |
| Nashville | 5,483 | 51,865 | 63,576 | 29 | 201 | 77 | 650 | 69 | 1.10 | 14,123,950 |
| Pittsburgh | 5,428 | 137,863 | 31,547 | 25 | 253 | 57 | 1,055 | 84 | 1.05 | 8,988,016 |
| Omaha | 2,805 | 18,496 | 50,109 | 8 | 73 | 24 | 250 | 86 | 1.08 | 4,611,906 |
| Indianapolis | 1,105 | 44,072 | 60,920 | 16 | 79 | 27 | 275 | 87 | 1.06 | 8,770,308 |

*Within a 15-minute walking distance of the respective venues.

**For the respective Metropolitan Statistical Area ("MSA").

***Most recent complete year of total enplanements at the nearest primary airport.

Sources: Esri, CTI, respective airports

Weighted Destination Rank

To assess the relative strength of each destination, HVS calculated scores for destination criteria and weighted their importance to achieve an overall destination score and rank. Analysis considered the area within a 15-minute walk of each convention center (except cost index and airport enplanements).

| Weight (1 to 5) | | 2 | 3 | 2 | 5 | 4 | 4 | 2 | 1 | 0 | 4 | 4 | |
|-----------------|------------------|-----------------------|--------------------------|-----------------------------------|------------------------------|------------------------------------|----------------------------------|-----------------------|----------------------|--------------------------------|-------------|----------------------|----------------------------|
| Rank | City | 2018 Total Population | Total Daytime Population | 2018 Median Household Income (\$) | Hotel and Lodging Businesses | Food Service & Drinking Businesses | Arts, Entertainment & Recreation | Storefront Businesses | Occupied Housing (%) | Public Transportation Spending | Cost Index | Airport Enplanements | Weighted Destination Score |
| 1 | Minneapolis | 1.00 | 0.83 | 0.46 | 1.00 | 1.00 | 0.83 | 0.94 | 0.80 | 0.49 | 0.00 | 1.00 | 0.787 |
| 2 | Pittsburgh | 0.21 | 1.00 | 0.36 | 0.61 | 0.91 | 0.62 | 1.00 | 0.63 | 0.50 | 0.60 | 0.18 | 0.614 |
| 3 | Nashville | 0.21 | 0.28 | 0.99 | 0.75 | 0.65 | 1.00 | 0.50 | 0.00 | 0.92 | 0.59 | 0.32 | 0.587 |
| 4 | Cincinnati | 0.44 | 0.74 | 0.41 | 0.29 | 0.64 | 0.87 | 0.88 | 0.34 | 0.40 | 1.00 | 0.11 | 0.578 |
| 5 | Milwaukee | 0.37 | 0.41 | 0.79 | 0.61 | 0.56 | 0.75 | 0.75 | 0.98 | 0.70 | 0.49 | 0.12 | 0.541 |
| 6 | St. Louis | 0.28 | 0.21 | 0.89 | 0.54 | 0.29 | 0.58 | 0.20 | 0.21 | 0.61 | 0.89 | 0.34 | 0.473 |
| 7 | Columbus | 0.28 | 0.38 | 0.95 | 0.36 | 0.58 | 0.30 | 0.53 | 1.00 | 1.00 | 0.71 | 0.14 | 0.462 |
| 8 | Louisville | 0.32 | 0.52 | 0.00 | 0.75 | 0.36 | 0.43 | 0.37 | 0.84 | 0.00 | 0.88 | 0.02 | 0.462 |
| 9 | Cleveland | 0.22 | 0.28 | 1.00 | 0.36 | 0.48 | 0.34 | 0.36 | 0.43 | 0.96 | 0.95 | 0.18 | 0.452 |
| 10 | Kansas City | 0.34 | 0.37 | 0.71 | 0.25 | 0.30 | 0.47 | 0.33 | 0.90 | 0.58 | 0.65 | 0.25 | 0.409 |
| 11 | Indianapolis | 0.00 | 0.21 | 0.93 | 0.29 | 0.03 | 0.06 | 0.03 | 0.77 | 0.82 | 0.72 | 0.17 | 0.280 |
| 12 | Grand Rapids | 0.24 | 0.13 | 0.32 | 0.21 | 0.26 | 0.26 | 0.23 | 0.85 | 0.19 | 0.66 | 0.00 | 0.280 |
| 13 | Omaha | 0.08 | 0.00 | 0.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.75 | 0.83 | 0.67 | 0.05 | 0.169 |

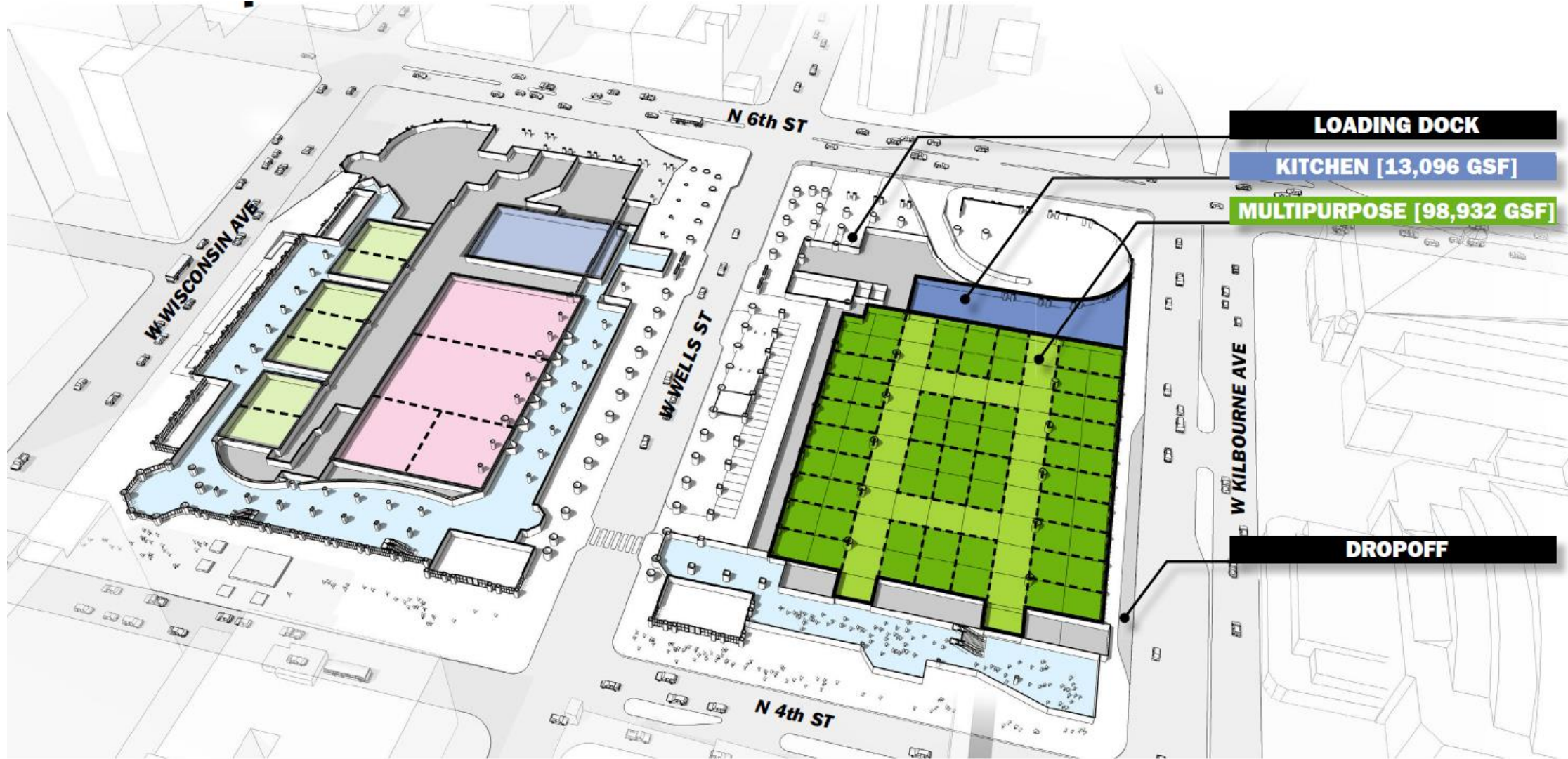
Sources: Esri, CTI, respective airports

Comparable Venue Analysis Conclusions

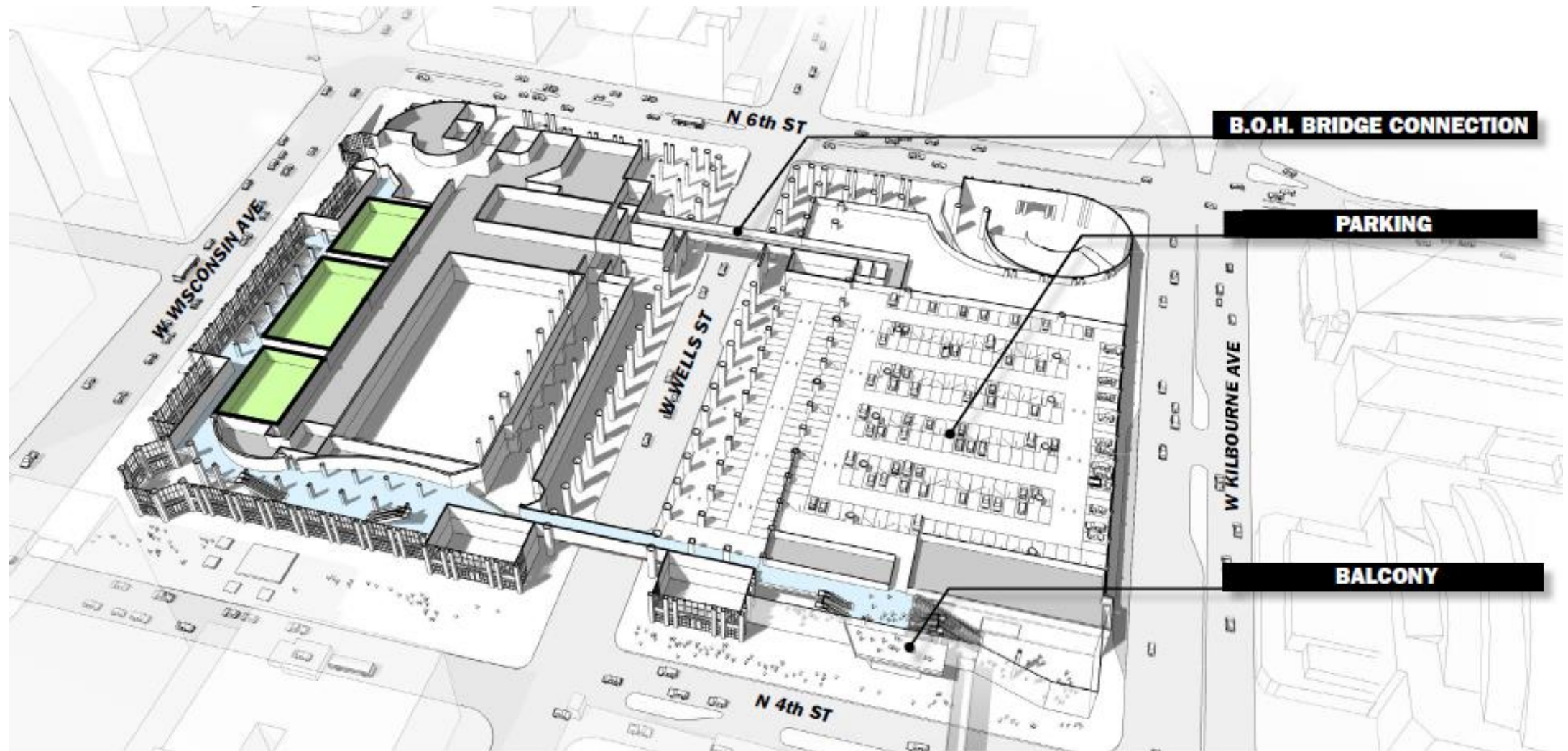
- The Wisconsin Center's functions space are the largest in the state but rank near the bottom among competitors for national and regional business.
- While relatively affluent, the Milwaukee metro area has a smaller population and business presence than its competitors.
- Based on several market factors used to assess destination attractiveness, Milwaukee ranks 5th among other competitive markets with large convention centers.
- Several in-state and nationally competitive destinations are actively planning expansions or have recently expanded their convention centers. Others are pursuing headquarters hotel development.
- Without major improvements to the Wisconsin Center, the above developments would further erode Milwaukee's competitiveness and its share of state and national meetings.

Proposed Building Program

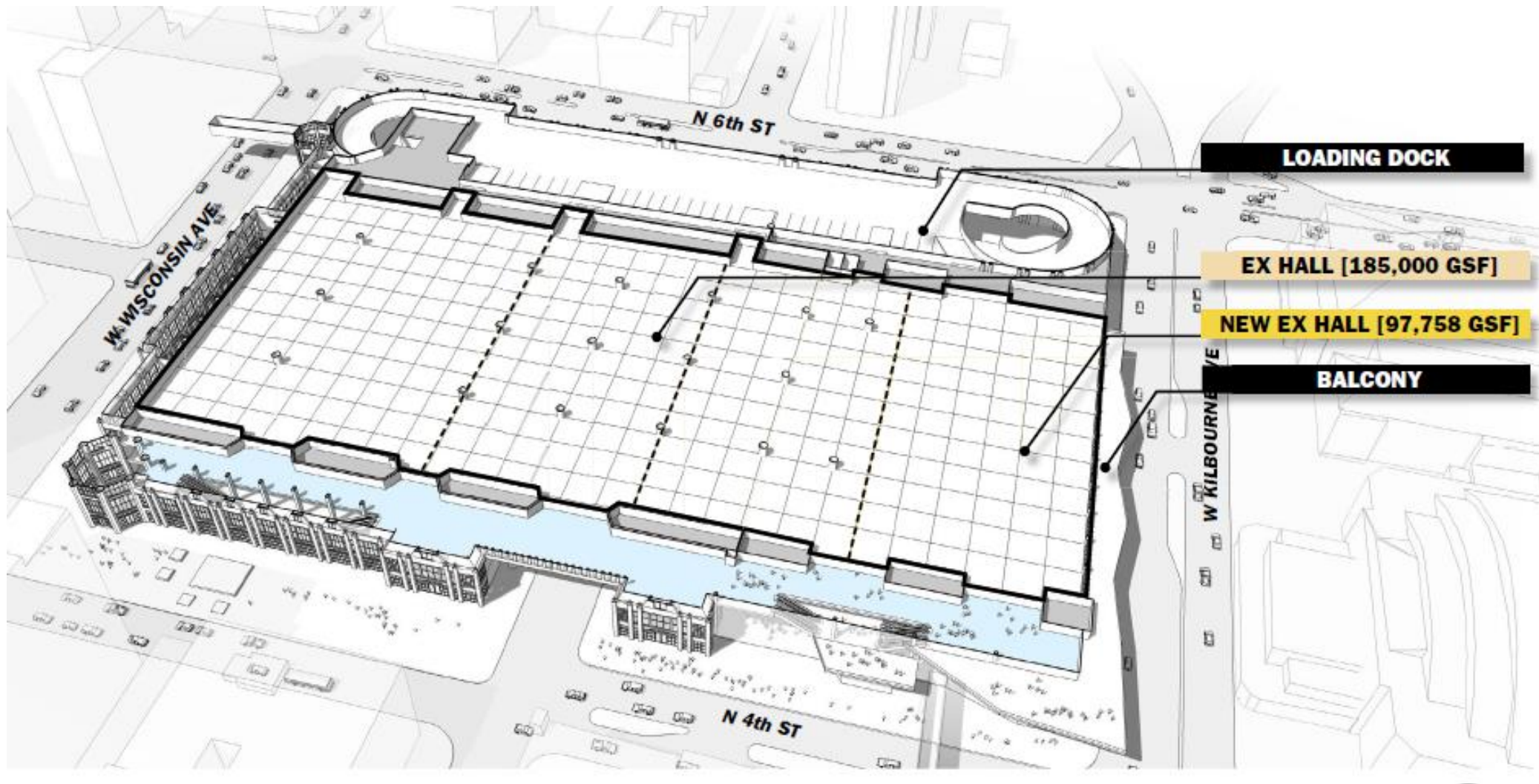
Ground Level



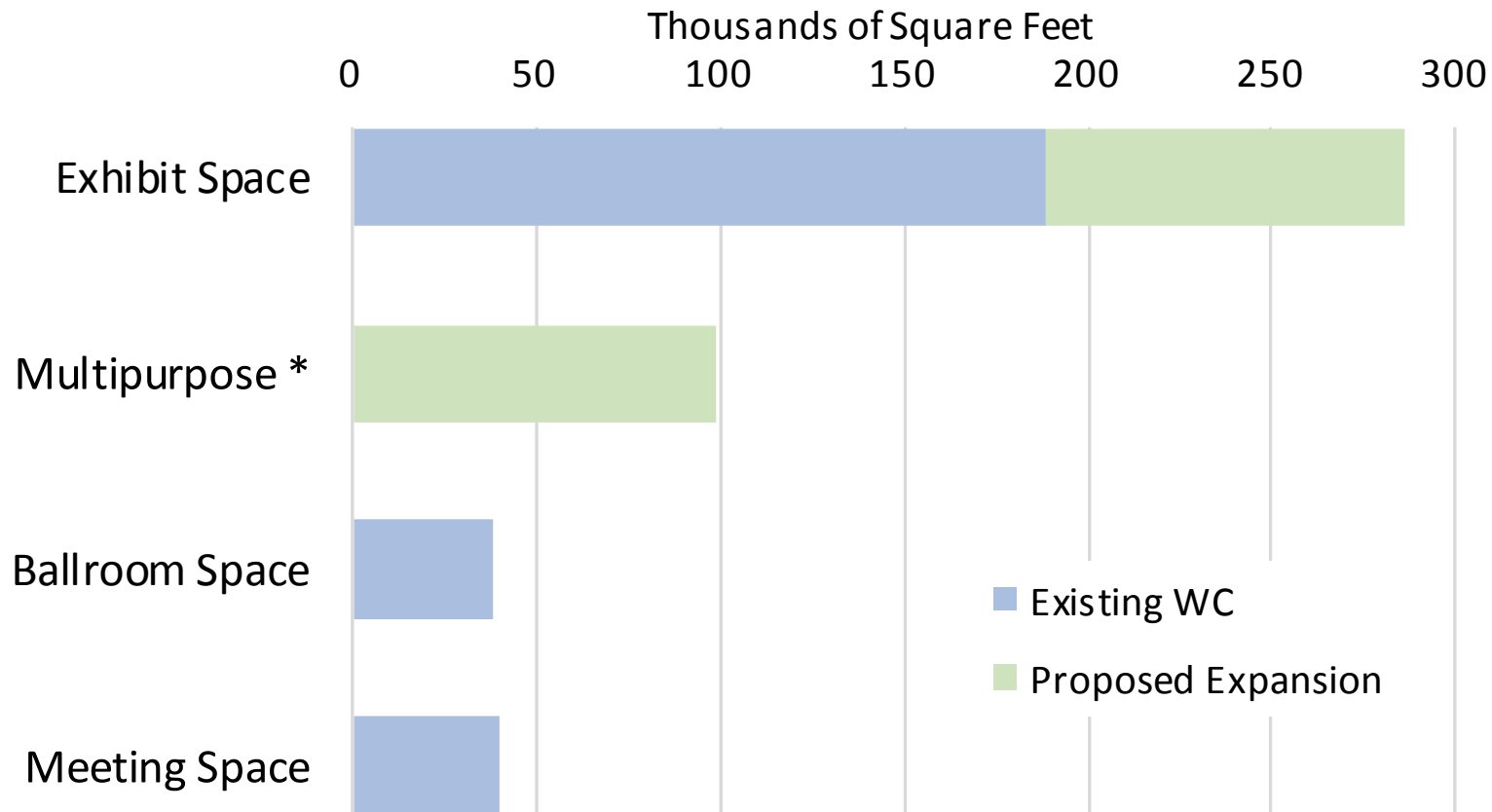
Mezzanine Level



Upper Level



Building Program



Source: Populous

* With over 30 potential divisions, ground level multipurpose space can configure into a variety of ballroom and meeting spaces or serve as exhibit space.

Building Cost Estimate

Based on the 197,000 square feet of new function space detailed above, the proposed expansion of the Wisconsin Center would require approximately 453,000 total gross square feet, including prefunction, back-of-house, parking, loading docks, outdoor balconies, and an elevated bridge.

Estimated Project Cost *

\$247 million - \$277 million

Estimate Includes:

- a. 30% for Project Soft Costs
- b. Expansion
- c. On Site Parking
- d. Existing Building Modernization

* Costs are escalated to 2019. Additional escalation should be added at 4% per year beyond 2019.

Source: Populous

Event Demand



Demand Notes and Considerations

- Demand projections reflect an estimated expansion opening date of January 1, 2023. Demand would stabilize after 3 years in 2026.
- The proposed exhibit hall expansion and addition of multipurpose space would allow the Wisconsin Center to host simultaneous convention events that each require a mix of exhibit, ballroom, and meeting spaces.
- The proposed multipurpose space could be set up into a variety of ballroom and meeting configurations. Space can also serve as prefunction or back-of-house spaces as needed.
- The multipurpose space could provide additional exhibit space for larger events, expanding the potential scope of events that the Wisconsin Center could accommodate.
- The proposed expansion would also support events hosted by local corporations that have reached or are near capacity in the existing venue. These events could remain in downtown Milwaukee and avoid moving to venues in other markets.
- Increased capacity and flexibility would also create more opportunities for local users, including meetings, banquets, and public shows.
- The Milwaukee Admirals have signed a long term contract to remain in the Panther Arena. Demand projections reflect 38 regular season games. We also assume the continuation of the contract with UW-M basketball.
- Demand projections reflect WCD management's plan to more aggressively pursue concerts and other entertainment events.

Comparison of Event and Attendance Projections

| | No Expansion | Stabilized After Expansion | New | % Increase |
|---------------------------|-----------------|-------------------------------|---------|---------------|
| Wisconsin Center Events * | 108 | 169 | 61 | 56% |
| Total Attendees | 266,910 | 416,200 | 149,290 | 56% |
| Room Nights | 116,100 | 220,500 | 104,400 | 90% |

* Does not include events held primarily in the Panther Arena or Milwaukee Theatre.

Comparable Venue Demand

| | St. Louis | Cincinnati | Indianapolis | Minneapolis | Kansas City | Virginia Beach | Raleigh | Grand Rapids | Omaha | Buffalo | Average | Milwaukee Proposed |
|---------------------------|-----------|------------|--------------|-------------|-------------|----------------|---------|--------------|-------|---------|---------|--------------------|
| Number of Events | | | | | | | | | | | | |
| Conventions & Tradeshows | 26 | 25 | 52 | 36 | 32 | 22 | 35 | 60 | 19 | 20 | 32 | 40 |
| Consumer Shows | 7 | 18 | 11 | 32 | 14 | 47 | 16 | 24 | 15 | 17 | 19 | 10 |
| Banquets | 19 | 34 | 27 | 47 | 71 | 73 | 86 | 43 | 66 | 61 | 50 | 40 |
| Meetings & Conferences | 18 | 52 | 101 | 185 | 43 | 134 | 131 | 52 | 36 | 34 | 75 | 65 |
| Sports, Concerts & Other | 24 | 24 | 26 | 76 | 46 | 44 | 37 | 11 | 14 | 9 | 43 | 183 |
| Total Events | 94 | 153 | 217 | 414 | 249 | 320 | 352 | 190 | 150 | 141 | 231 | 338 |
| Average Attendance | | | | | | | | | | | | |
| Conventions & Tradeshows | 5,992 | 15,076 | 6,729 | 2,496 | 4,461 | 2,846 | 3,057 | 1,768 | 8,126 | 3,053 | 5,233 | 2,900 |
| Consumer Shows | 16,804 | 18,992 | 22,341 | 9,270 | 14,280 | 3,516 | 7,206 | 10,281 | 7,584 | 10,166 | 11,782 | 12,000 |
| Meetings & Conferences | 1,817 | 592 | 491 | 729 | 974 | 216 | 263 | 530 | 1,516 | 382 | 738 | 669 |
| Sports, Concerts & Other | 29,555 | 5,406 | 4,836 | 1,121 | 1,920 | 7,505 | 4,586 | 3,327 | 5,583 | 3,703 | 6,460 | 3,682 |

Financial Operations & Economic Impacts



Comparison of Financial Operations

Stabilized year In inflated dollars (thousands)

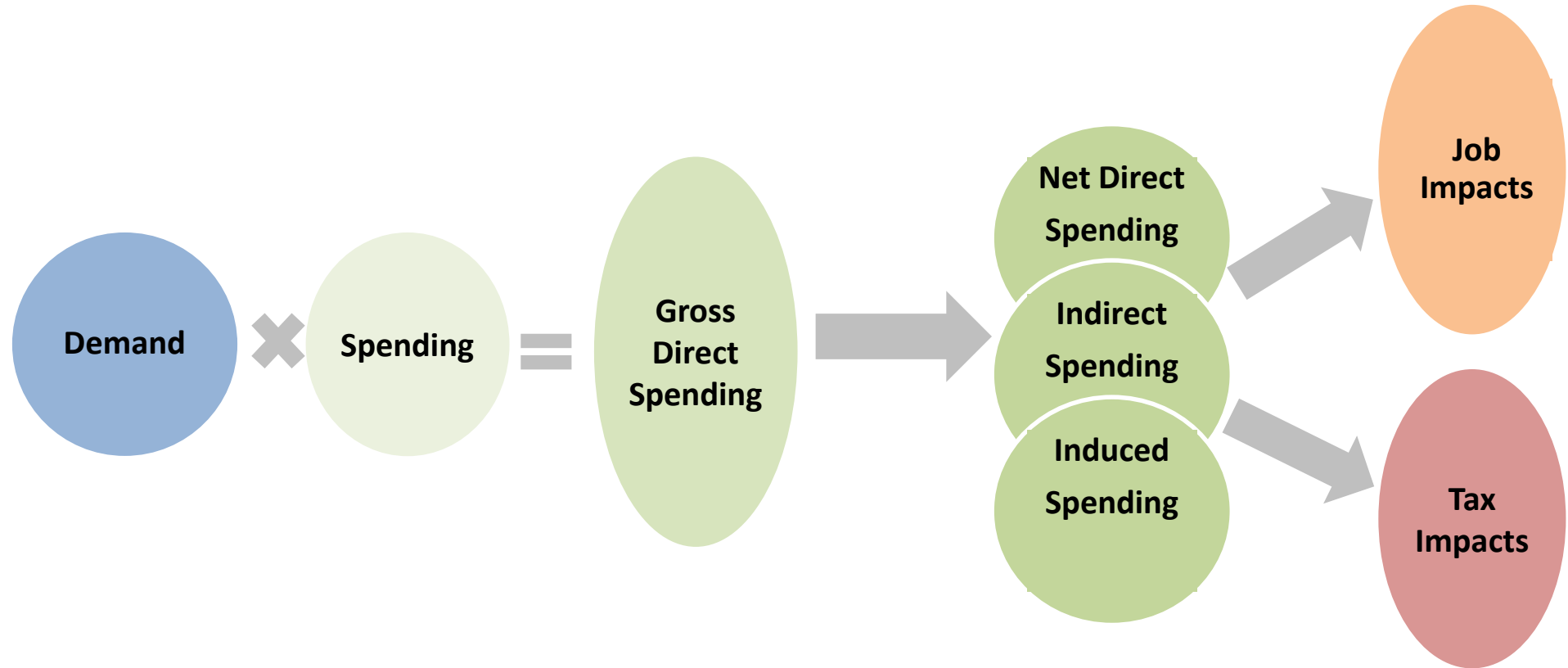
| | No Expansion | | Post Expansion | | Net Change |
|-----------------------------|--------------|---------|----------------|---------|------------|
| | CY 2026 | | CY 2026 | | |
| | Amount | % Total | Amount | % Total | |
| Operating Revenue | | | | | |
| Facility Rental | \$3,777 | 25% | \$5,370 | 25% | \$1,593 |
| Event Services (Gross) | 3,627 | 24% | 5,484 | 26% | 1,857 |
| Food & Beverage (Net) | 3,044 | 20% | 4,942 | 23% | 1,898 |
| Parking (Net) | 889 | 6% | 1,179 | 6% | 290 |
| Advertising & Sponsorships | 1,089 | 7% | 1,448 | 7% | 359 |
| Box Office | 1,286 | 8% | 1,324 | 6% | 38 |
| Other Revenue | 1,421 | 9% | 1,453 | 7% | 32 |
| Total Revenue | \$15,133 | 100% | \$21,201 | 100% | \$6,068 |
| Operating Expense | | | | | |
| Salaries & Benefits | \$10,628 | 70% | \$13,584 | 64% | \$2,956 |
| Event Services Costs | 247 | 2% | 373 | 2% | 126 |
| Contractual Services | 409 | 3% | 572 | 3% | 164 |
| Repair & Maintenance | 1,090 | 7% | 1,526 | 7% | 437 |
| Administrative & General | 424 | 3% | 594 | 3% | 170 |
| Marketing & Sales | 242 | 2% | 339 | 2% | 97 |
| Insurance | 847 | 6% | 1,187 | 6% | 340 |
| Utilities | 2,666 | 18% | 3,735 | 18% | 1,069 |
| Other Expense | 681 | 5% | 954 | 5% | 273 |
| Total Operating Expense | \$17,233 | 114% | \$22,865 | 108% | \$5,632 |
| NET OPERATING INCOME (LOSS) | (\$2,100) | -14% | (\$1,664) | -8% | \$436 |

Financial projections are in inflated dollars assuming an expansion opening date of January 1, 2023.

Advertising & sponsorship revenue reflects WCD management's intention to secure additional naming rights and other sponsorship in the coming years.

Salaries & benefits expense reflects increase in staffing required to successfully operate the expanded facility.

Economic Impact Analysis Methodology



Net new demand represents visitors attending events that are not currently held in the geographic region. HVS estimated the percentage of event attendees that would come from outside the market rather than from the local area. The spending estimates only include new visitor spending because non-residents import income, whereas residents transfer income already in the market area.

Gross Direct Spending Parameters (per unit)

| Type of Spending | Amount |
|--|----------|
| Convention Delegate Overnight Spending | \$300.00 |
| Convention Delegate Daytrip Spending | \$151.00 |
| Exhibiting Company Spending per attendee | \$35.00 |
| Event Organizer Spending per attendee | \$5.00 |
| Overnight Sports Attendees | \$150.00 |
| Daytrip Sports Attendees | \$49.00 |
| Business Overnight Attendees | \$280.00 |
| Leisure Overnight Attendees | \$145.00 |

Sources: STR, CTI, Longwoods International, and Destinations International

Net Direct, Indirect & Induced Spending – Existing Operation

HVS adjusts gross direct spending to account for the income that leaks out of the local economy. Net direct spending is lower than gross direct spending due to retail margins and local purchase percentage adjustments.

| Impact (\$ millions) | City of Milwaukee | Milwaukee County | State of Wisconsin |
|---------------------------|-------------------|------------------|--------------------|
| Spending Estimates | | | |
| Net Direct | \$97.5 | \$93.6 | \$69.7 |
| Indirect | 26.3 | 26.1 | 26.9 |
| Induced | 21.4 | 25.0 | 26.0 |
| Total | \$145.2 | \$144.8 | \$122.7 |
| Permanent Jobs | 956 | 957 | 956 |

Despite lower direct spending in Milwaukee County and state, they generate higher percentage of indirect and induced spending because they have larger economies. Permanent jobs represent full-time equivalent positions.

Fiscal Impacts - Existing Operation

Fiscal impact are the revenues collected by each governmental entity from the tax based created by direct, indirect and induced spending.

| Tax Category | Tax Base | Effective Tax Rate | Estimated Tax Revenue |
|--|--------------|--------------------|-----------------------|
| Additional Lodging Tax | \$30,254,000 | 7.00% | \$2,117,800 |
| Tax Category | Tax Base | Effective Tax Rate | Estimated Tax Revenue |
| County Sales & Use Tax | \$88,407,573 | 0.50% | \$442,000 |
| Stadium Sales Tax | 88,407,573 | 0.10% | \$88,400 |
| Auto Rental | 206,697 | 3.00% | \$6,200 |
| Restaurants Food & Beverage | 27,422,595 | 0.50% | \$137,100 |
| Basic Room Tax | \$30,046,200 | 2.50% | \$751,200 |
| Total County Taxes | | | <u>\$1,424,900</u> |
| Tax Category | Tax Base | Effective Tax Rate | Estimated Tax Revenue |
| State Sales & Use Tax | \$65,590,753 | 5.00% | \$3,279,500 |
| Auto Fuel | 243,658 | 10.30% | \$25,100 |
| Auto Rental | 2,216,210 | 5.00% | \$110,800 |
| Corporate Income Taxes | 21,490,542 | 7.90% | \$1,697,800 |
| Total State Taxes | | | <u>\$5,113,200</u> |

Sources: IMPLAN and HVS

Comparison of Annual Impacts

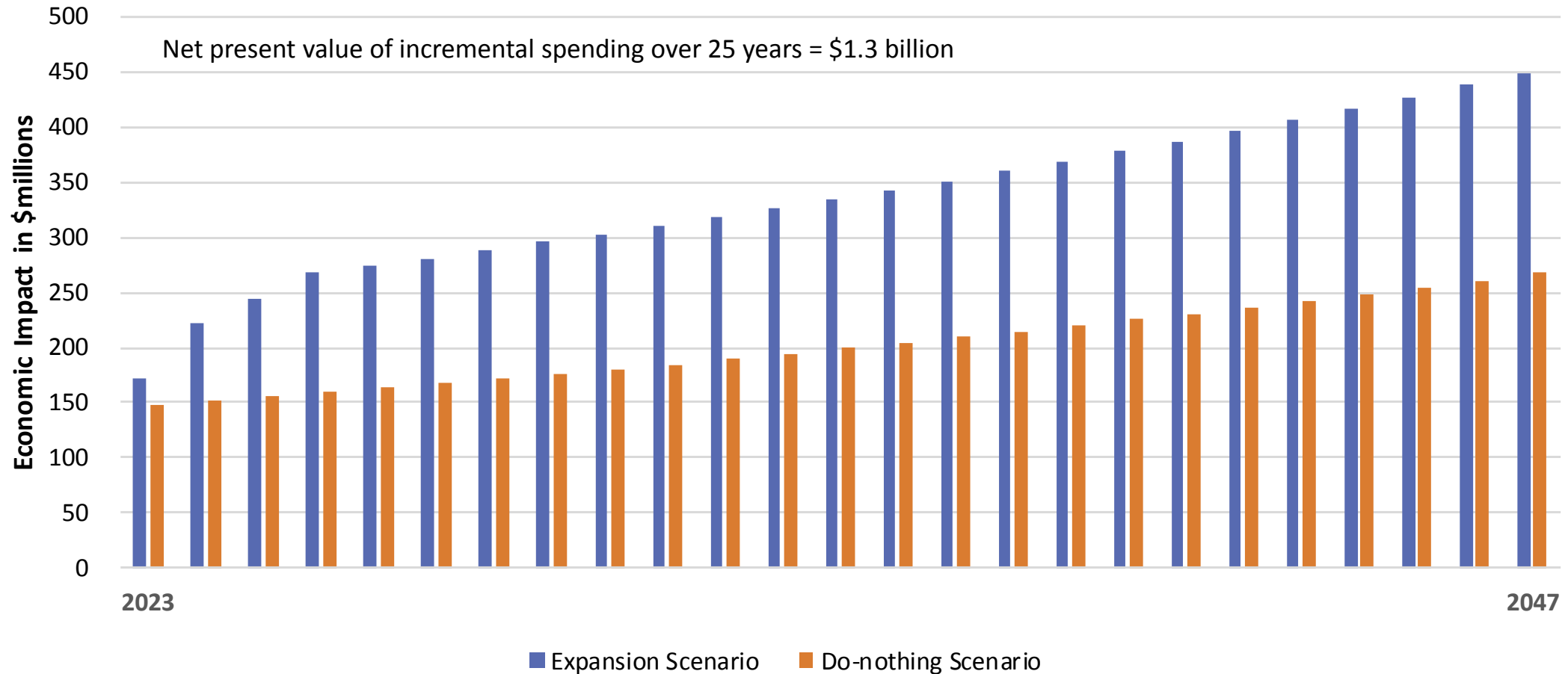
| | Current Operation | Do Nothing (2024) | Expansion (2024) | Incremental Increase Over Do Nothing |
|----------------------------|----------------------|----------------------|---------------------|--|
| City of Milwaukee | | | | |
| Economic Impact (millions) | \$145.2 | \$132.6 | \$223.8 | \$91.1 |
| Fiscal Impact (millions) | \$2.1 | \$1.9 | \$3.4 | \$1.4 |
| FTE Jobs | 956 | 868 | 1,471 | 603 |
| Milwaukee County | | | | |
| Economic Impact (millions) | \$144.8 | \$132.4 | \$221.8 | \$89.3 |
| Fiscal Impact (millions) | \$1.4 | \$1.3 | \$2.4 | \$1.1 |
| FTE Jobs | 957 | 871 | 1,465 | 595 |
| State of Wisconsin | | | | |
| Economic Impact (millions) | \$122.7 | \$113.6 | \$157.2 | \$43.5 |
| Fiscal Impact (millions) | \$5.1 | \$4.7 | \$6.5 | \$1.8 |
| FTE Jobs | 956 | 868 | 1,471 | 603 |

The above economic impacts are not additive. Milwaukee County has a lower impact because attendees that live in Milwaukee County but outside of the City of Milwaukee are included in the City analysis, but removed from the County analysis.

Impact over Life of Project

The expansion scenario shows a significant increase in spending impacts over the do-nothing scenario throughout the projected 25-year life of the development.

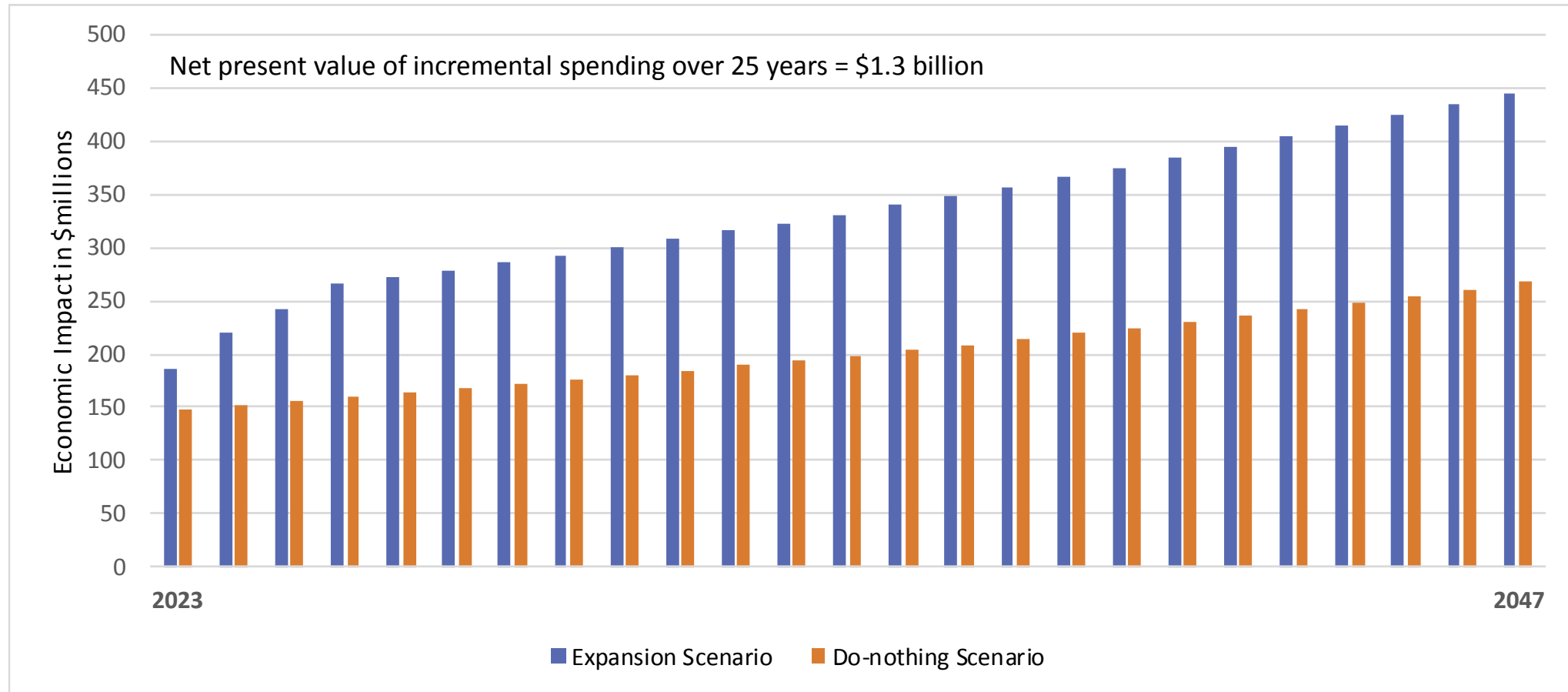
Inflated Wisconsin Center Impacts on the City of Milwaukee



Impact over Life of Project

The expansion of the Wisconsin Center would have a similar impact on Milwaukee County.

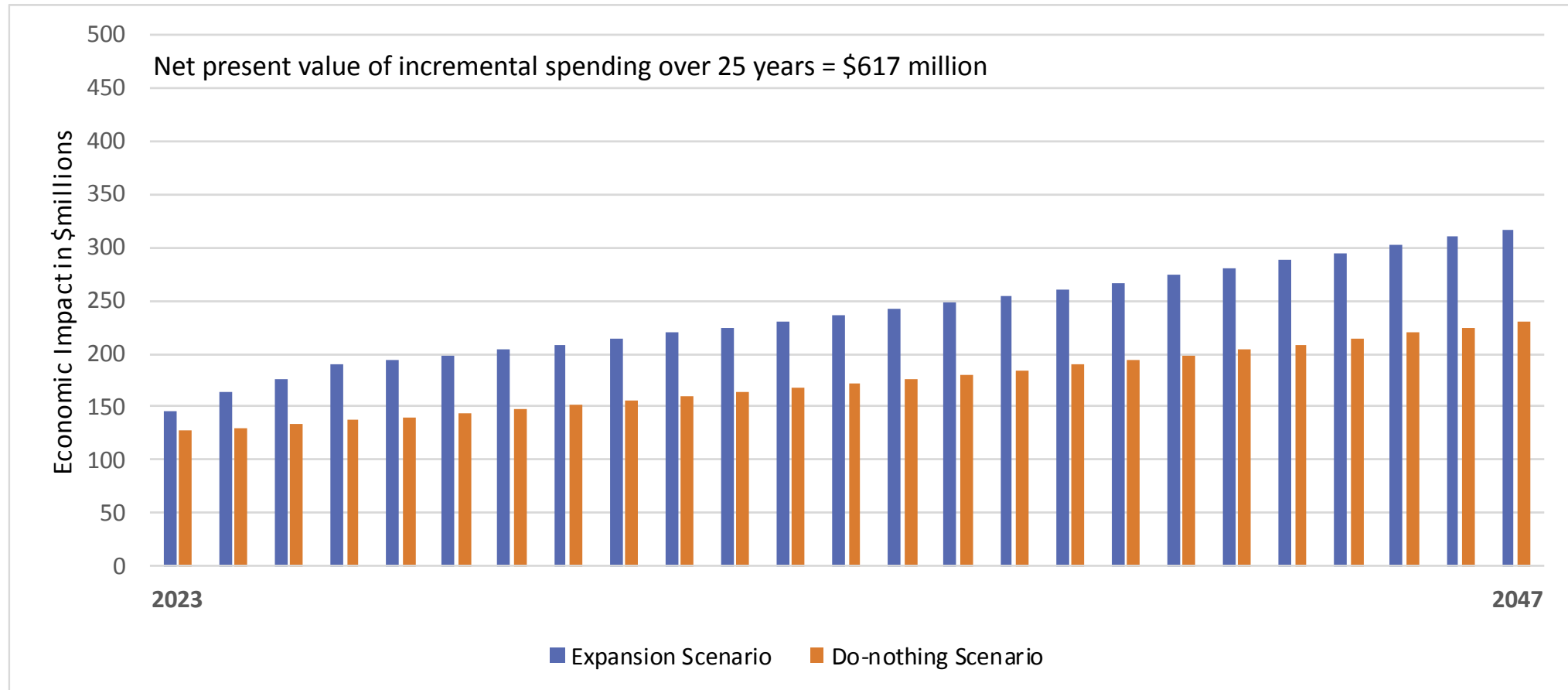
Inflated Wisconsin Center Impacts on Milwaukee County



Impact over Life of Project

More regional and national events would also create a significant increase in spending impacts on the state.

Inflated Wisconsin Center Impacts on the State of Wisconsin



Return on Investment

Based on a 25-year useful life and 5% discount rate, the net present value of incremental spending impacts in Milwaukee (over the do-nothing scenario) would exceed \$1.2 billion. This figure can be weighed against the estimated initial \$247-\$277 million investment in the expansion project.

| Net Present Value of Visitor Spending | |
|---------------------------------------|-------------|
| | \$ Millions |
| City of Milwaukee | \$1,289 |
| Milwaukee County | \$1,264 |
| State of Wisconsin | \$617 |
| *Stated in constant 2018 dollars. | |



Contact Information:

Thomas Hazinski
Managing Director
HVS Convention, Sports & Entertainment
312-587-9900 Ext. 11
thazinski@hvs.com

Catherine Sarrett
Senior Director
HVS Convention, Sports & Entertainment
312-587-9900 Ext. 15
csarrett@hvs.com