

WISCONSIN CENTER DISTRICT



ANNUAL REPORT 2006



A LETTER FROM OUR CHAIRMAN & PRESIDENT

Dear Reader,



The Wisconsin Center District has been experiencing steady growth for the last several years, culminating in a dramatic upsurge in bookings and activity in 2006. But to say it was a strong year for WCD is an understatement – in fact, all three buildings had record-breaking years in both the number of events and attendees.

For the first time since its opening, The Milwaukee Theatre became a clear-cut profit center. We were able to showcase the versatility of The Theatre by hosting a wide variety of events, including concerts, shows and, because of the elections, many political events and rallies as well.



The Wisconsin Center District faces a variety of challenges, some constant and some changing. A challenge we've had to deal with more and more recently is growing competition from convention centers in other cities. One way we differentiate our facilities from the competition is by continually maintaining outstanding customer service to ensure returning clients.

We would like to thank the WCD Board and Staff for their outstanding work in keeping costs down, even in today's economy, amid rising gas prices. We would especially like to thank our clients and sponsors for recognizing what a special value WCD is to the community. Their support and business go a long way toward ensuring our continued success and more importantly, toward improving our community.

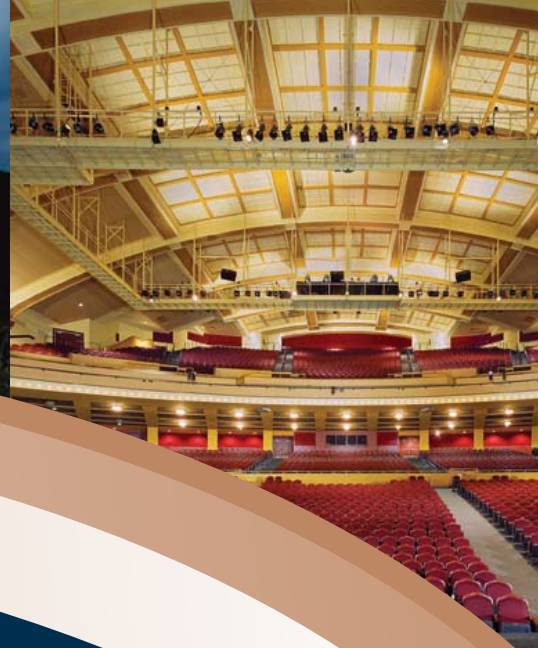


Sincerely,

Franklyn M. Gimbel
Chairman
Wisconsin Center District



Richard A. Geyer
President/CEO
Wisconsin Center District



OUR MISSION

TO MAINTAIN, AND CONTINUOUSLY BUILD, OUR PROFESSIONAL REPUTATION IN THE CONVENTION, ENTERTAINMENT AND SPORTING EVENTS INDUSTRIES ON ALL LEVELS, BOTH LOCALLY AND NATIONALLY; TO PRESENT FIRST CLASS FACILITIES IN THE 21ST CENTURY; TO PROVIDE THE MOST EFFECTIVE USE OF SPACE FOR OUR CLIENTS BY UTILIZING THE COLLECTIVE TALENTS OF ALL WISCONSIN CENTER DISTRICT EMPLOYEES; AND TO CREATE AND SUSTAIN JOBS, INCOME AND PROSPERITY IN THE GREATER MILWAUKEE COMMUNITY.



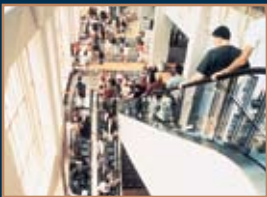


MIDWEST AIRLINES CENTER

The convention industry underwent a dramatic turnaround in 2006, and the Midwest Airlines Center saw a great amount of activity. The blend of events was widely varied, with meetings, conventions and other events on local, regional and national levels.



In 2005 we began to refocus on corporate bookings, and continued this trend into 2006, particularly with repeat business. WCD hosted a wide range of events for many returning corporate clients, including Assurant Health, Harley-Davidson, Kohl's, Miller Brewing Company, Metavante, Northwestern Mutual, Rockwell Automation, U.S. Cellular, Sysco Foods and Reinhart FoodService, among others. Other events that hold an important, perennial place on our calendar include the Home Builders Expo, Auto Show, Wedding Planner & Guide Bridal Show, Emergency Medical Services Association, and the conventions of several state associations, including the Association of School Boards, State Reading Association and Restaurant Association.



Among recent additions to our repeat customers are the Fine Furnishings & Fine Crafts Show and the Milwaukee Fishing & Boating Expo. The Wire Technology Processing Expo, which WCD owns, has been presented in the Midwest Airlines Center for the sixth year in a row in 2006, and each year has surpassed the previous for the numbers of exhibitors and attendees and the volume of sales by participants.



Noteworthy 2006 convention and conference clients included: the National Rifle Association, whose show featured impressive, two-story displays; the annual Bead & Button Show, which draws attendees internationally; American Association of Medical Assistants; Americans for the Arts; American Society of Nuclear Cardiology; International Fuel Ethanol Workshop & Expo; League of United Latin American Citizens; Midwest Nursing Research Society; National Rural Water Association; and the United States Chess Federation.



Banquet activity remains an important contributor to our success, garnering over \$7 million in food service revenue alone in 2006. Our 37,500 square foot ballroom is a key competitive element in attracting convention business. Locally, the ballroom complements, rather than competes with, our hospitality partners, hosting events that have simply outgrown other halls. Regular clients include the Auto Show Gala, AIDS Resource Center of Wisconsin, Hispanic Chamber of Commerce, IndependenceFirst, Milwaukee Urban League, Muscular Dystrophy Association, NAACP, and others.

WCD maintains a strong commitment to stewardship and improvement of our facilities. As the Midwest Airlines Center approaches its 10th anniversary, we are beginning a \$1.3 million project to replace the carpeting over the next four years, and are working with Time Warner Cable to upgrade our video cable infrastructure from analog to digital cable drops so our customers and exhibitors will be able to present high-definition digital displays at their events.



U.S. CELLULAR ARENA & WALK OF FAME

2006 was a booming year at the U.S. Cellular Arena, with plenty of activity all year long. We are proud to work with a great variety of organizations and to host many different events, from concerts to assemblies to sporting events of all kinds.

We are fortunate to be home to two sports teams, the Milwaukee Wave indoor soccer team and UW-Milwaukee Panthers men's basketball team. In 2006, the Wave finished with a spectacular winning season overall. And for the third time in four years, the Panthers won the Horizon League Championships and advanced to the NCAA Tournament.

The U.S. Cellular Arena hosts several long-standing annual events that are community traditions, and we enjoy strong relationships with these clients. In 2006, WCD and Feld Entertainment, Inc., announced a five-year agreement to continue presenting Disney on Ice performances at the Arena through at least 2010; meanwhile, the Tripoli Shrine Circus has been a staple event on the Arena calendar almost since the building opened in 1950, and we have every reason to expect that our multi-year agreement will be renewed after the 2008 performances. 2006 also brought a new, exciting, educational and technologically-driven event to the Arena: the FIRST Robotics Wisconsin Regional Competition, also returning in 2007 and beyond, and we hope it will become an annual attraction.

Public and private assemblies of all kinds, including civic, corporate, political and religious, remain very important to the U.S. Cellular Arena's bottom line and to its role in the Milwaukee community. In 2006, the NRA Convention, based at the Midwest Airlines Center, hosted assemblies and entertainment in the Arena, and Kenneth Copeland Ministries brought the weeklong Great Lakes Believers Convention to the Arena for the second time. (They return in 2007.) The Arena continues to be a focal point for celebrating educational achievement, hosting a range of high school and college commencement ceremonies in both the spring and fall.

We were also delighted in 2006 to host popular concerts by Brad Paisley with Sara Evans and Fall Out Boy with the All-American Rejects, along with "stand-alone" sporting events such as the Major Indoor Soccer League 2006 All-Star Game, the Horizon League Men's Basketball Championship Tournament, Freestyle Motocross, the Friends of Hoop Dr. Martin Luther King Hoopfest, and the And1 Mix Tape Tour "streetball" basketball competition.

Six new sports figures will be added to the U.S. Cellular Arena's Wisconsin Athletic Walk of Fame at an induction dinner in November of 2007: Milwaukee Brewers great Cecil Cooper; America's Cup & world class sailor Harry "Buddy" Melges; sports owner, philanthropist and senator Herb Kohl; University of Wisconsin basketball coach Dick Bennett; NFL football Hall of Famer Mike Webster; and Notre Dame football standout, brewery owner and sports contributor Fred C. Miller.





THE MILWAUKEE THEATRE

2006 was an outstanding year of growth and success for The Milwaukee Theatre. We hosted a wide variety of productions and events – from plays and concerts to political rallies – that really allowed us to show off the flexibility of our newest facility.

We began the year's entertainment with Broadway Junior: After Schoolical Musical sponsored by Time Warner Cable, and packed in concerts by Ginuwine, A Prairie Home Companion, and Colombian rocker Juanes. Spring and summer brought us weekend runs of RENT and Barney LIVE!, sold-out or well attended concerts by Yolanda Adams, R. Kelly, Andre Rieu, Bebe Neuwirth & the Milwaukee Symphony Orchestra, John Prine and Lee Greenwood, and a speaking engagement by psychic Sylvia Browne.

So You Think You Can Dance Live, The Cheetah Girls and two performances by Jerry Seinfeld were fall's biggest sold-out blockbusters. The year wrapped up with concerts by Leahy, the ever-popular Boston Pops and returning holiday favorite Lorie Line, as well as a weekend run of the Broadway classic, Man of La Mancha.

Throughout the year, The Milwaukee Theatre also hosted high-production corporate assemblies ranging from sales meetings to product launches; those clients included Northwestern Mutual, U.S. Cellular and Miller Brewing Company, among others. We were also pleased to again host a number of graduations and a political rally for Gov. Jim Doyle.

The partnership formed in 2005 between WCD and the Milwaukee Symphony Orchestra brought much success and enjoyment in 2006, and continues with Oz with Orchestra in February of 2007 and Hitchcock Halloween the following October.



IN 2006, WCD FACILITIES HOSTED THE FOLLOWING GRADUATION CEREMONIES:

- | | |
|--|--|
| BAY VIEW HIGH SCHOOL | MEDICAL COLLEGE OF WISCONSIN |
| BRYANT & STRATTON COLLEGE | MILWAUKEE AREA TECHNICAL COLLEGE |
| CARDINAL STRITCH UNIVERSITY | NICOLET HIGH SCHOOL |
| DIVINE SAVIOR HOLY ANGELS HIGH SCHOOL | PIUS XI HIGH SCHOOL |
| LYNDE AND HARRY BRADLEY SCHOOL OF TECHNOLOGY | RIVERSIDE UNIVERSITY HIGH SCHOOL |
| MADISON UNIVERSITY HIGH SCHOOL | RUFUS KING HIGH SCHOOL FOR THE COLLEGE BOUND |
| MARQUETTE UNIVERSITY | UNIVERSITY OF PHOENIX |
| MARQUETTE UNIVERSITY SCHOOL OF BUSINESS ADMINISTRATION | UNIVERSITY OF WISCONSIN-MILWAUKEE |
| MARQUETTE UNIVERSITY SCHOOL OF ENGINEERING | VINCENT HIGH SCHOOL |
| MARQUETTE UNIVERSITY SCHOOL OF LAW | |



LOOKING TO THE FUTURE

The future of the Wisconsin Center District holds many exciting prospects, as well as many challenges. We are currently researching the merits and feasibility of expanding the Midwest Airlines Center, working closely with our hospitality partners, who play an important role in helping develop convention opportunities, to ensure that any Phase III expansion provides the best value to them and to Milwaukee's prosperity.

As envisioned, Phase III would stretch from Wells Street to Kilbourn Avenue. The additional exhibit and meeting space would help WCD draw in more and larger conventions, as well as host concurrent events, bring more people downtown and into our hotels and restaurants, and – most importantly – help Milwaukee maintain a viable position in an intensely competitive marketplace.

2006 saw substantial increases in local hotel occupancy as well as room rates, providing a better business environment for hotel operators and developers interested in adding more hotel space in the downtown area. Recent hotel and other commercial and residential projects and proposals demonstrate that the downtown Renaissance over the past decade is not only ongoing, but self-perpetuating, boding well for Milwaukee's future – and our own.

We are incredibly proud of our buildings and continue to maintain and upgrade them to the best possible condition and state-of-the-art standards. The installation of digital cable drops and new carpeting in the Midwest Airlines Center are basic examples of our ongoing attention to stewardship and improvement of the valuable public assets in our care.

Commercial realtors say the key to success is "location, location, location," but in our business, it's "service, service, service." WCD's dedication to outstanding customer service is our greatest asset, fundamental to building and nurturing employee and customer relationships and ensuring that everyone who visits our buildings has an excellent experience. We appreciate that the various bargaining units who represent our employees share our dedication and are collaborative partners in our efforts. This shared service commitment is what has brought WCD a great deal of returning business, many satisfied clients, and a stellar reputation in the industry.

As it has been in the past and will be in the future, our primary focus is ensuring that Milwaukee remains an important destination for the convention industry, and we are similarly committed to offering a wide variety of entertainment to Greater Milwaukee's citizens and visitors. We have no doubt that the future will bring many opportunities and challenges, both of which we will address with smart business decisions, hard work, and exceptional customer service.



WISCONSIN CENTER DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

ASSETS

Current Assets:	2006	2005
Cash and cash equivalents	\$ 2,175,873	\$ 2,427,738
Accounts receivable, less allowance for doubtful accounts of \$39,495 in 2006 and \$34,001 in 2005	1,406,553	1,260,280
Tax revenues receivable	2,695,599	2,439,290
Loans receivable, current portion	37,715	35,524
Accrued interest receivable	39,061	39,565
Prepaid expenses and other current assets	209,919	311,826
Total Current Assets:	<u>6,564,720</u>	<u>6,514,223</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	23,794,446	22,175,358
Loans receivable, less current portion	654,600	692,315
Financing costs, net of accumulated amortization of \$1,099,205 in 2006 and \$990,375 in 2005	2,272,191	2,381,021
Capital Assets:		
Non depreciable	22,958,953	22,958,953
Depreciable, net	171,295,894	177,771,709
Total Noncurrent Assets:	<u>220,976,084</u>	<u>225,979,356</u>
Total Assets:	<u>\$ 227,540,804</u>	<u>\$ 232,493,579</u>

LIABILITIES

Current Liabilities:		
Current installments of bonds payable	\$ 2,782,798	\$ 2,659,657
Accounts payable	981,377	586,048
Accrued expenses	483,974	558,962
Accrued interest expense, current portion	2,883,673	2,220,687
Concession improvement deposits	975,000	1,125,000
Deferred revenue	2,049,584	1,992,849
Obligation under capital lease, current portion	90,000	90,000
Total Current Liabilities:	<u>10,246,406</u>	<u>9,233,203</u>
Long-term Liabilities:		
Obligation under capital lease, less current portion	1,012,500	1,102,500
Accrued interest expense, less current portion	36,993,035	34,078,080
Bonds payable, net, less current portion	202,253,250	204,693,081
Total Long-term Liabilities:	<u>240,258,785</u>	<u>239,873,661</u>
Total Liabilities:	<u>\$ 250,505,191</u>	<u>\$ 249,106,864</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 8,678,487	\$ 12,646,445
Restricted for debt service	2,737,208	1,244,889
Unrestricted deficit	<u>(34,380,082)</u>	<u>(30,504,619)</u>
Total Net Assets:	<u>\$ (22,964,387)</u>	<u>\$ (16,613,285)</u>

WISCONSIN CENTER DISTRICT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
DECEMBER 31, 2006

Operating Revenue:	2006	2005
Space rentals	\$ 3,166,142	\$ 3,389,157
Equipment rentals	974,534	1,056,509
Commission on concession sales	2,999,355	2,490,398
Labor service revenue	1,009,986	1,538,419
Advertising revenue	1,522,219	1,691,224
Information technology revenue	462,934	586,511
Box office revenue	884,761	648,428
Parking revenue	498,368	499,681
Other	232,253	275,307
Total Operating Revenue:	<u>11,750,552</u>	<u>12,175,634</u>
Operating Expenses:		
Allocated Expenses:		
Wages	3,244,814	3,392,350
Utilities	1,647,610	1,709,175
Building maintenance and repairs	949,292	898,582
Ticket expenses	45,963	71,327
Other	1,205,526	2,516,275
Total Allocated Operating Expenses	<u>7,093,205</u>	<u>8,587,709</u>
Unallocated Expenses:		
Administrative salaries and wages	1,610,915	1,609,985
Employee benefits	1,471,534	1,173,821
Advertising and promotion	4,258,685	4,120,627
Legal services	32,826	69,103
Insurance	567,929	584,624
Professional services	37,026	64,693
Depreciation and amortization	7,795,159	7,197,657
Other	348,661	347,221
Total Unallocated Operating Expenses:	<u>16,122,735</u>	<u>15,167,731</u>
Total Operating Revenue:	<u>23,215,940</u>	<u>23,755,440</u>
Operating Loss:	<u>\$ (11,465,388)</u>	<u>\$ (11,579,806)</u>

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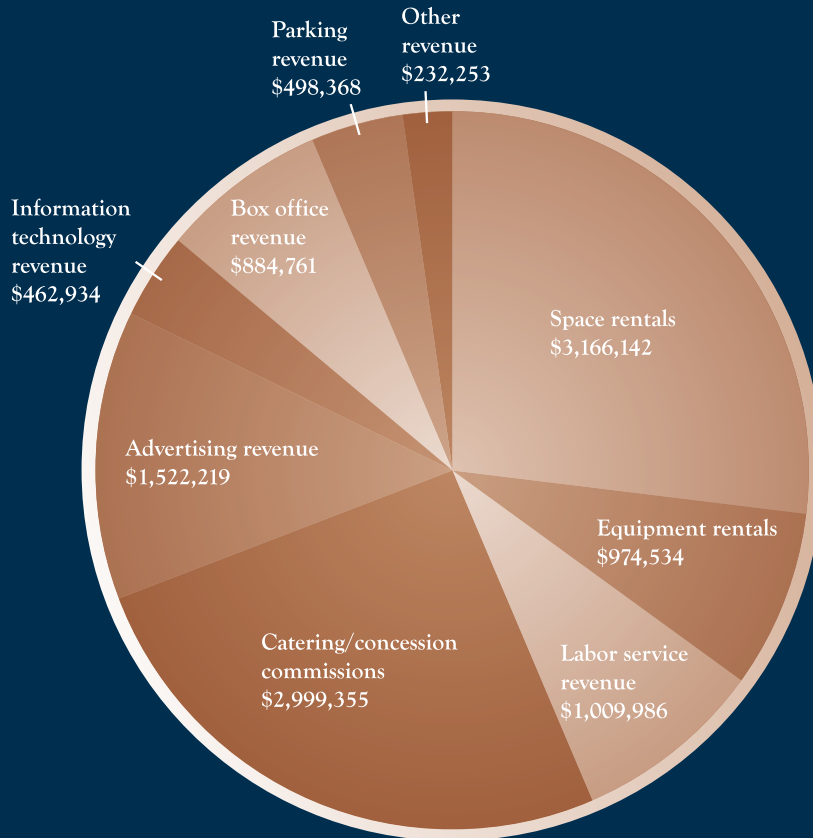
WISCONSIN CENTER DISTRICT STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

DECEMBER 31, 2006

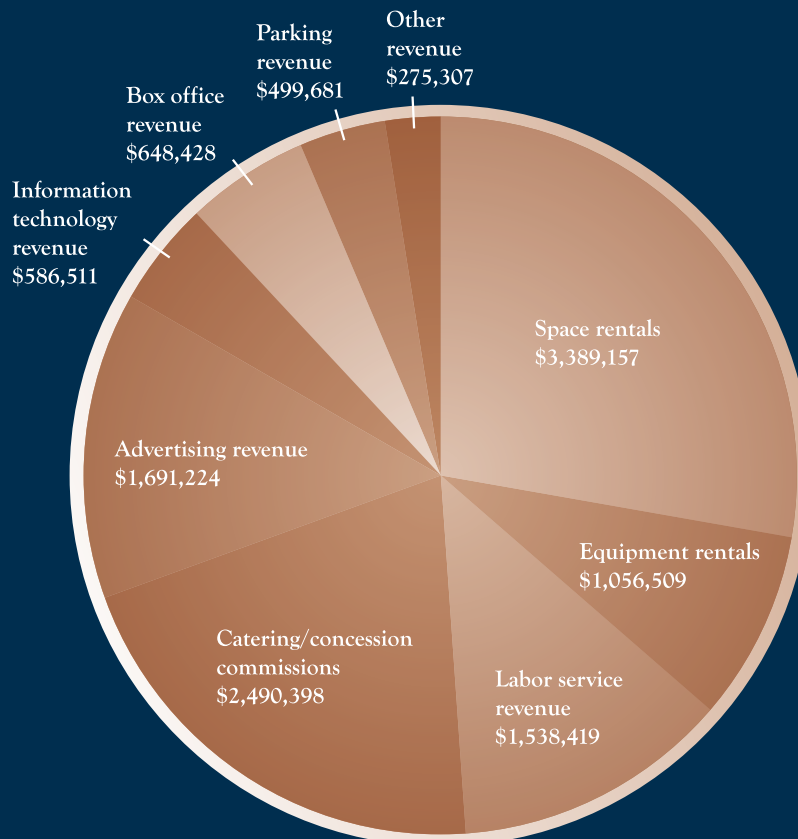
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Nonoperating Income (Expense):	2006	2005
Tax Revenue:		
Additional room tax revenue	\$ 8,411,492	\$ 7,744,570
Basic room tax revenue	3,175,093	2,959,089
Food and beverage tax revenue	3,625,404	3,425,640
Rental car tax revenue	2,093,953	1,674,956
	<u>17,305,942</u>	<u>15,804,255</u>
State of Wisconsin administrative fee	(441,393)	(403,068)
Net Tax Revenue:	16,864,549	15,401,187
Interest income	1,450,056	1,271,342
Loss on disposal of fixed assets		(94,062)
Bond amortization and interest expense	(13,200,319)	(13,402,967)
Federal grant revenue - transit study	<u>1,562,439</u>	<u> </u>
Federal grant expenditures - transit study	(1,562,439)	<u> </u>
Total Nonoperating Income (Expense):	<u>5,114,286</u>	<u>3,175,500</u>
Change in Net Assets:	(6,351,102)	(8,404,306)
Total Net Assets, beginning of year:	<u>(16,613,285)</u>	<u>(8,208,979)</u>
Total Net Assets, end of year:	<u>\$ (22,964,387)</u>	<u>\$ (16,613,285)</u>

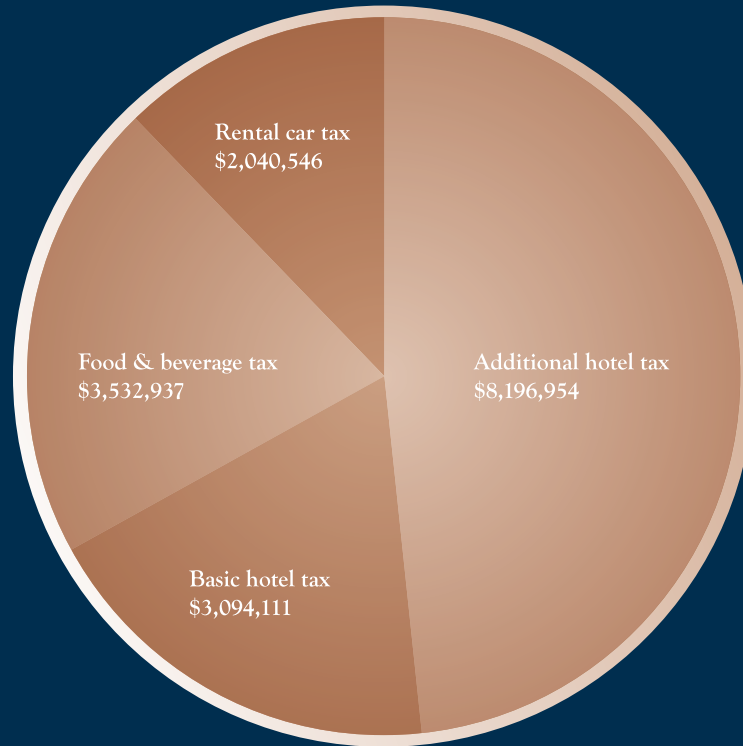
WISCONSIN CENTER DISTRICT 2006 OPERATING REVENUES



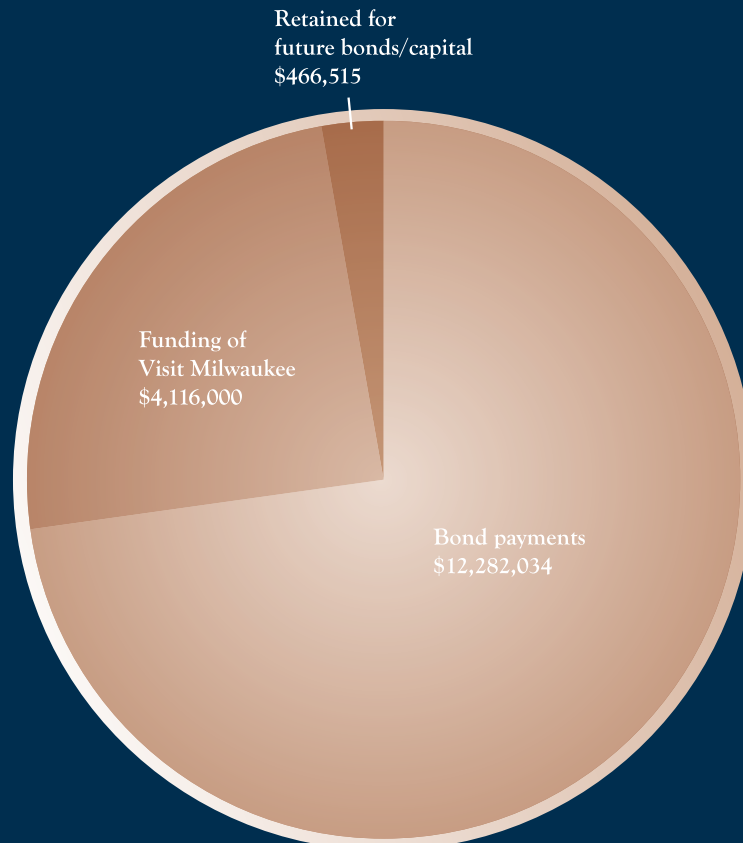
WISCONSIN CENTER DISTRICT 2005 OPERATING REVENUES



WISCONSIN CENTER DISTRICT 2006 NET TAX REVENUES



WISCONSIN CENTER DISTRICT 2006 UTILIZATION OF TAX REVENUES



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***APPOINTMENTS ENDED AS OF 2007**



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