

## **EXHIBIT 1 - PICTURES OF HERB KOHL**

I am not Herb Kohl. I do not represent Herb Kohl. I do not speak for Herb Kohl. I do have the utmost of respect and admiration for this communitarian and statesman. I do have a license today to explore what might be going through Herb Kohl's mind as it relates to the issues of this Conference.

Kohl was born and raised in Milwaukee. His family amassed a fortune from their grocery and department store businesses. His family is well invested into the well-being of the state of Wisconsin. He helped to create a sports arena for the University of Wisconsin that bears the Kohl family name. Many of his best friends in the state of Wisconsin are sport legends, including Bud Selig, Al McGuire, and Rick Majerus.

In 1985 Kohl purchased the Milwaukee Bucks for approximately nineteen million dollars to save the franchise and to keep professional basketball in the City of Milwaukee. He had experienced the earlier relocation of the Milwaukee Hawks to St. Louis in 1955 and didn't want this to happen again.

The Bucks occupied The Bradley Center in 1988 as a result of a gracious gift given by a charitable Milwaukee family. This was the year that Kohl was also elected to the United States Senate. Although the Bradley Center is pristine, after twenty-five years the facility is economically obsolete for its anchor tenant.

The NBA Collective Bargaining Agreement expired on July 1, 2012. A lockout occurred. The NBA economic system was broken. Twenty-two of thirty teams lost money in 2010-2011 and the losses approximated 357 million dollars. Runaway salaries, a soft cap with multiple exceptions, long-term guaranteed contracts, pricing the fan out of the seats, and an ineffective revenue sharing system have been some of the reasons attributed to the failure.

Kohl has been an outspoken advocate for small market teams. He insisted upon a new revenue sharing system that would put more monies in the coffers of small market teams to make them competitive. He favored a new Collective Bargaining Agreement that makes the split of basketball-related income more equitable, reduces salaries, shortens contracts, enhances the luxury tax system to defer overspending, and creates amnesty and stretch provisions -- all in the interest of the Bucks franchise and Milwaukee.

## **EXHIBIT 2 - REVENUE FIGURES - PAYROLL FIGURES - ATTENDANCE AND PERFORMANCE FIGURES**

According to Forbes magazine, the Bucks' revenues are either dead last or close to dead last in the League. However, Kohl's commitment has been unwavering. While he is not all the time satisfied with on-the-court results or attendance figures, he has put forth the necessary resources to be competitive. The Bucks payroll has always been at mid level or within the top two-thirds among the thirty teams in the League.

Kohl has never threatened relocation, carpet bagging, or civic blackmail. He has remained loyal to his community even when previous opportunities to sell the team were presented where prospective owners would not agree to long-term non-relocation covenants.

In 2006 Kohl was re-elected as a United States Senator with 67.3 percent of the popular vote. Kohl will not engage in a stadium debate. No discussions here about naysayers' reports, economic return or impact, substitution effect, or corporate welfare. What he has said is:

## **EXHIBIT 3 - KOHL'S STATEMENTS**

1. The time is now to plan or find a new way to finance or build a new arena to replace The Bradley Center. It's not something we talk about any more, it has to be more than talk.
2. I will make a personal financial commitment toward a new arena, which would not be insignificant, but it ultimately will take a public-private combination to build it.
3. Milwaukee's chances for remaining a part of the NBA are not robust without a new facility.

## **EXHIBIT 4 - PUBLIC FUNDING OF ARENAS - 2000 FORWARD**

Since 2000, Kohl has watched public coffers financially create arenas around the country. Remember, arenas are public assembly and event facilities that can host 200 or more events and are more financially self-sustaining. Most of the arenas during that period have been created with public dollars.

So why should Kohl's money be leading the way when other cities have provided for the public underwriting of arenas or event centers?

Kohl is acutely aware of what is currently happening in San Francisco, Seattle, and Sacramento. While no two financing structures are identical, and each has its own peculiar characteristics, the amount of private-side participation in these partnerships is substantial.

## **EXHIBIT 5 - PICTURES OF SEATTLE, SACRAMENTO AND SAN FRANCISCO PLANNED ARENAS**

Seattle: Up to forty-one percent public commitment based on tax revenues generated from the facility, an obligation to bear cost overruns, a guarantee against payment shortfalls, creation of a transportation trust fund, investments to maintain the Key Arena during the construction period, and a put option to acquire the arena.

San Francisco: A one hundred percent privately financed arena, with the City of San Francisco providing up to 120 million dollars for land reclamation and infrastructure upgrades for Piers 30 to 32.

Sacramento: A fifty-eight percent public commitment through bonds secured by future parking revenues to a blighted area known as Downtown Plaza that involves not only a private-side investment, but a future sports community that would include office and retail space, hotel rooms, and housing units.

These proposed financial structures are good examples of public-private partnerships, an almost necessity in a recessionary economy with budget deficits, spending priorities and government spending under the close scrutiny of the voting public.

Kohl shares a concern about the future of our sports and entertainment district, the future of our convention center, and the need for the Bucks to be a continued anchor tenant.

Kohl has a limited quantity and valuable asset - a franchise right that is transferable with League approval. An asset that is in demand. There are capital markets and NBA buyers out there and certainly NBA cities in waiting, including, potentially, Seattle, Las Vegas, Kansas City, Louisville, St. Louis, Anaheim, Pittsburgh, Omaha, and Virginia Beach, to name a few.

The NBA is the league of relocation. Six of seven relocation requests have been approved during the Stern commissionership. Without a state-of-the-art facility, no home city is secure -- just look at what happened to Seattle after forty-one years of NBA membership.

The bottom line is Kohl has an in-demand asset that can be sold or moved.

## **EXHIBIT 6 - SALE OF NBA TEAMS**

Yes, Kohl has incurred the losses, but he has also realized the increased capitalized value of his asset over the last 28 years. The Grizzlies were sold in 2012 for 370 million and the Hornets for 338 million. The proposed sale by the Maloofs to the Hansen group in Seattle of sixty-five percent of the team translates into a value in excess of 525 million.

There are no guarantees in the political process. Wisconsinites handily defeated a sports lottery referendum in 1995. One vote and a recall gave us Miller Park. The iconic Green Bay Packers barely received voter approval on a referendum for an increased Brown County sales tax in 2000. More recently, Nassau County residents voted down tax support for a new New York Islanders arena. But in retrospect, even after the political wrangling, the successes of Miller Park and Lambeau Field utilizing public tax dollars have been unequaled.

## **EXHIBIT 7 - POLLS**

Everyone is aware of recent newspaper polls indicating opposition to the utilization of sales tax dollars to build a new basketball arena, and a lack of political support for extending and making the Miller Park sales tax more inclusive. Sports facility funding writes obituaries for politicians, but somebody must stand up for the future of Milwaukee and Wisconsin.

I believe it is Kohl's preference to keep the Milwaukee Bucks in Milwaukee as he has for 28 years, with an Oklahoma City styled NBA facility lease that includes a long-term non-relocation covenant. Once a franchise is lost, it is most difficult to regain; and if regained, certainly will be more costly.

## **CONCLUSION**

To bridge the gap, the Champions of the Community have stepped up with 18 million dollars, more or less, in sponsorships and other support. Kohl has stepped up to give the community its security as it decides its future with an extended lease for The Bradley Center to and including September 30, 2017. These acts of good faith are bridges to the future that get us not only the financial configurations for a new arena but a new arena itself.

A state-of-the-art facility has become a high priority today for not only commissioners and league owners, but also for players. Owners today, with a huge capital investment, expect its home city to provide a competitive place to play and to pay a substantial portion of the cost therefore. I call this government investment a municipal franchise fee, which is the quid pro quo for obtaining and retaining a major sports franchise.

## **EXHIBIT 8 - PRIVATE SIDE CONTRIBUTIONS**

The Bucks, the Kohl family, the charitable and business community will step up and fulfill its obligation to the public-private partnership. However, the public must do the same. Kohl cannot do this himself. Without the public's contribution, there will be no arena, no Milwaukee Bucks.

This is a broader community choice and we must come together as a community. We must protect our valued assets. Sport is a common denominator, and the Milwaukee Bucks belong to all of Wisconsin.