

Sports Facility Financing and Real Estate Development

By Martin J. Greenberg

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Professor Martin J. Greenberg Experience



1. Guest at Brookings Institution on topic of stadium financing
2. American Bar Association guest speaker on stadium and arena issues for lawyers in the coming millennia
3. Report to Southeast Wisconsin Professional Baseball Park District on financial value of naming rights and construction buildouts
4. Represented the MMAC in the negotiation of a ticket guarantee agreement with the Milwaukee Brewers
5. Managing Member of Scheer Game Sports Development, a consultant for cities and colleges with respect to sports facility development
6. Consultant to Riverbend Sports Authority with respect to the Beloit Snappers' Lease, now known as Beloit Sky Carp
7. Report to the Southeast Wisconsin Professional Baseball Park District on the issues of lease extension and financing capital improvements with respect to the Milwaukee Brewers
8. Author of The Stadium Game
9. Expert Witness on the topic of the responsibility of the Golden State Warriors on the issue of the Oakland Coliseum's bond debt defeasance
10. Drafting Jacksonville Jumbo Shrimps' minor league baseball stadium and consulting on Nashville Predators' lease
11. Chairman of the Board of the Wisconsin State Fair
12. Board of Directors for the Southeast Wisconsin Professional Baseball Park District
13. First law school course on Sports Facility Development, Marquette University Law School

Stadium Mania

- The 1990s through 2010 was known as the Stadium Boom – Stadium Mania – in Major League Baseball (“MLB”).
- There is a return to yesteryear. A nostalgic appreciation of the past. The abolition of the multipurpose stadium, a stadium that was interactive with its surrounding environs.
- Over a 20 year period, 20 new MLB ballparks would be constructed almost all of them designed by HOK, now called Populous.
- The retro ballparks came with their own signature sites and set them apart from one another (Retro Movement).
- Fans at the new ballparks sat closer to the field than ever before and at angles more appropriately directed towards the action.
- The public chipped in well over half of the financing of these new MLB ballparks.

Across the major US sports leagues there have been eight new arenas or stadiums built since 2020 at a total construction cost of \$3.3B, of which \$750M in public funds went towards those construction projects.

Economists have found that every 30 years or so there is a wave of public financing for building stadiums or revamping existing ones. A construction boom may already be on the way in the United States.



MLB Stadiums are some of the largest public investments in state funding.

TEAM NAME	STADIUM NAME	OPENING YEAR	FACILITY COST (MILLIONS)	% PUBLIC FINANCING
Florida Marlins	New Marlins Ballpark	2012	645	76
Minnesota Twins	Target Field	2010	544	72
New York Mets	Citi Field	2009	860	19
New York Yankees	Yankee Stadium	2009	1,500	32
Washington Nationals	Nationals Park	2008	611	100
St. Louis Cardinals	Busch Stadium	2006	365	12
Philadelphia Phillies	Citizens Bank Park	2004	346	50
San Diego Padres	PETCO Park	2004	285	57
Cincinnati Reds	Great American Ball Bark	2003	291	96
Milwaukee Brewers	Miller Park	2001	414	75
Pittsburgh Pirates	PNC Park	2001	237	70
Detroit Tigers	Comerica Park	2000	361	32
Houston Astros	Minute Maid Park	2000	265	68
San Francisco Giants	AT&T Park	2000	325	0
Seattle Mariners	Safeco Field	1999	517	66
Arizona Diamondbacks	Chase Field	1998	354	67
Atlanta Braves	Turner Field	1996	235	100
Colorado Rockies	Coors Field	1995	215	78
Cleveland Indians	Progressive Field	1994	175	48
Texas Rangers	Rangers Ballpark at Arlington	1994	191	71
Baltimore Orioles	Oriole Park at Camden Yards	1992	110	96
Chicago White Sox	U.S. Cellular Field	1991	167	100
Tampa Bay Rays	Tropicana Field	1990	138	100
			Total Estimated Cost (Millions) = 9151	Average Public Participation. = <u>65%</u>



Costs of MLB Stadiums Today

- Truist Park (2017): Braves Owners, Liberty Media, allotted \$672M for Truist Park. The stadium was constructed in a public-private partnership for \$622 million. Cobb-Marietta Coliseum & Exhibit Hall Authority issued up to \$397 million in bonds for the project. The County raised an additional \$14 million from transportation taxes and \$10 million cash from businesses in the Cumberland Community Improvement District. The Braves contributed the remaining money for the park, and will spend \$181 million over 30 years to help pay off the County's bonds on the project.
- Globe Life Field (2020): The project cost approximately \$1.2 billion. The master agreement for the public-private partnership called for a 50/50 split between the Texas Rangers and the City of Arlington. The City capped its financial contribution at \$500M.
- Tampa Bay (2024): The Rays' new stadium is said to cost \$1.3 billion and is said to open for the 2028 season. The new stadium is the focal point for the redevelopment of the historic Gas Plant District estimated to cost \$1.5 billion. The Rays will cover \$700 million of the total cost of the stadium, with the City of St. Petersburg and Pinellas County splitting the other \$600 million. (Failed – owner has sold team.)

Costs of MLB Stadiums Today, continued

- Oakland Athletics (2028): A new stadium is under construction in Las Vegas, NV and is scheduled to open in 2028 at an estimated cost of \$2B.



WHO PAYS FOR SPORTS FACILITIES? PUBLIC-PRIVATE PARTNERSHIP (PPP)



Sports facilities are generally paid for in one or in a combination of the following manners:

1. The general public pays either through the imposition of a tax or through general fund revenues.
2. The fans or users of the facility pay, such as the sale of PSLs or ticket (user) surcharges.
3. The franchise pays -- where the franchise owner builds the facility with private funds and the facility is privately owned.
4. Targeted beneficiaries pay -- such as businesses who might benefit directly from the facility, i.e. restaurants, hotels, car rental
5. Some combination of public and private money that creates what is commonly known as a PPP - Public Private Partnership

Sources of Funding

The sources of funding for facility financing are usually a combination of public sector funding sources, facility revenue streams, and private equity contributions.

1. Public Sector Funding Sources

- General Sales and Use Taxes
- Possessory Interest Taxes
- Tourist Development Taxes
- Restaurant Sales Taxes
- Excise/ Sin Tax (Liquor, Tobacco)
- Car Rental Tax
- Hotel/Bed/Accommodations Tax
- Abatement of Certain Taxes
- License Plates
- Suite Tax
- Infrastructure Contributions
- Rent credits
- Exemption from county, city, state sales taxes on purchases of construction materials, fixtures, and equipment
- Continuation or increasing of existing taxes
- Gambling
- Utility Taxes
- Real Estate and Personal Property Taxes
- Ticket Surcharges
- Lottery and Gaming Revenues
- Non-Tax Fees (Liquor Sale Permits, etc.)
- General Appropriations - General Fund
- Income and Local Taxes
- Direct Subsidies of Operating Costs
- Admission Tax
- Grants
- Parking Tax
- Jock Tax



No two alike, a jigsaw puzzle.

Sources of Funding, continued

2. Facility Revenue Streams

- Luxury Suites
- Club Seats
- Parking
- Ticket Sales
- Advertising
- Naming Rights
- Novelties – Merchandise
- Pouring Rights
- Concessions
- Sponsorships
- Food and Beverage Serving Rights
- Premium Restaurant Rights
- Sponsorship Packages
- Lease Arrangements
- Hall or Wall of Fame
- Tours
- Commemorative Bricks
- Other Events
- Outdoor Playground



Sources of Funding, continued

3. Private Equity Contributions

- Owner's Contribution - Cash
- NFL's G-4 Bylaw Loan Program
- Guarantees
- Contractually Obligated Income
- Concessionaires, Management Companies and Service Providers equity contributions
- Business Community Contributions
- Charitable Contributions
- Unique partnerships with energy, telecommunications, and Internet companies - exclusive rights
- Personal Seat Licenses - Equity Seat Rights
- Private Financing - Bank Loans
- Percentage of profits if team sold



I LOVE THE PACKERS!



I'VE SUPPORTED THEM THROUGH THICK AND THIN...



THEY'RE LIKE FAMILY!
I'D DO ANYTHING FOR THEM!!!



JUST GET OFF MY BACK ABOUT A STADIUM TAX...



GARY MARKSTEIN
© Milwaukee Journal Sentinel



Sports Pork

Whenever there is a request for public funding of stadiums or renovations there is always a public debate referred to as “The Stadium Debate.” There are strong feelings on both sides as to the value that a stadium brings to a community utilizing taxpayer dollars. Here are some arguments that you will hear with respect to the utilization of the use of public dollars to fund capital improvements at American Family Field:

- Sporting facilities financed largely with public dollars (sports pork) are nothing more than a form of public subsidy to benefit private owners and players.
- Public money is converted to private profit.
- Government units throughout the country are mortgaging their future to the sports industry.
- Publicly financed sports facilities over play the actual bottom line and economic impact of dollar flow to the community.
- Stadium proponents always overstate the effectiveness of a stadium as an economic development engine, by using unrealistic multipliers.
- Stadiums, most facilities, simply represent a transference of dollars from one entertainment source to another.
- Facilities do not pay for themselves, nor do they act as economic engines.
- Sports facilities result in a generation of annual benefits that are less than the taxpayers’ actual cost to create and maintain the facility.
- Taxpayers are holding the bag when a facility becomes physically obsolete, economically obsolete, or truly is beyond rehabilitation.
- Public funding of sports facilities only increases capitalized value of team or cash flow of the enterprise.

Sports Pork, continued

The people who take this position are referred to as naysayers. However, there are people on the other side who strongly believe that public funding is necessary for a community. What follows are the arguments made for the use of public funding as made by proponents:

- Entertainment value;
- Community pride;
- Business location decisions;
- Value of media exposure;
- Economic impact;
- Fiscal impacts;
- Stimulus to real estate development – sports.comm;
- Big League; and
- Psychic income.



Bonds

The issuing of bonds is the most common way for a city, county, or state to generate the needed money for recreation and sport facilities. A bond is defined as "an interest-bearing certificate issued by a government or corporation, promising to pay interest and to repay a sum of money (the principal) at a specified date in the future." A bond is "a promise by the borrower (bond issuer) to pay back to the lender (bond holder) a specified amount of money, with interest (coupon rates), within a specified period of time (maturity dates)."



Characteristics of bonds

1. Instrument of indebtedness (fixed income instrument)
2. A security used to borrow money
3. Borrower is the bond issuer
4. Lender is the bond holder
5. Maturity date or dates – bonds issued in series – defeasance - payout.
6. Pay interest at a specific variable or floating rate at specified intervals – coupons – yield
7. Bond is negotiable, transferable in secondary market
8. Underwriting – security firms and banks buy from issuer and sell to end investors
9. Book-runners – primary underwriter
10. Principal par or face amount of bonds, redemption or maturity date
11. Tax exempt on income – capital gains



Bonding Authority

Special Bonding Authority. Special authority bonds have been used to finance stadiums or arenas by special public authorities, which are entities with public powers (e.g., Niagara Power Authority, New York State Turnpike Authority, or the Tennessee Valley Authority) are able to operate outside normal constraints placed on governments. These bonds have been used primarily as a way to circumvent public resistance to new sports projects (i.e., Georgia Dome, Oriole Park at Camden Yards, or Three Rivers Stadium in Pittsburgh) so that they may be constructed without receiving public consent through a voter referendum. Circumventing a voter referendum allows sports facility developers to gain almost guaranteed approval by the state.

Southeast Wisconsin Professional Baseball District

(n/k/a Wisconsin Professional Baseball Park District), 229.64-229.81

Brown County Professional Football District, 229.820-229.834




Milwaukee
Brewers' Bond
Characteristics



Southeast Wisconsin Professional Baseball Park District (District)

- 1995 Wisconsin Act 56 – This act created Sub-chapter II of Chapter 229 entitled “Local Professional Baseball Park Districts.” Wisconsin Statute §229.6(1) states that “there is created for each jurisdiction under Section 229.67 a special district that is a local governmental unit that is a body corporate and politic, that is separate and distinct from and independent of the State and has the powers under Section 229.68 and the name of which includes ‘Professional Baseball Park District.’ Wisconsin Statute §229.67 indicates that a district’s jurisdiction is any county with a population of more than 600,000 and all counties that are contiguous to that county and that are not already included in a different district.”
- Southeast Wisconsin Professional Baseball Park District (District) – In 1995 and pursuant to the aforereferenced enabling legislation, the District was created to oversee the design, construction, operation, financing, and maintenance of a new stadium. The District is comprised of Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties and is managed by an appointed 13-member board of directors.
- Finance Project – To finance the Miller Park project, the District is authorized to impose a sales tax and a use tax at a rate of no more than 0.1 percent of the sales price or purchase price, on citizens of the five counties. See Wis. Stat. §77.708 and §229.64(1).



District Financing Statutory Limitations

- Wis. Stat. §229.685 allows the District to use revenue from the .01 percent sales and use tax imposed on the five counties under its jurisdiction only for purposes related to baseball park facilities.
- Wis. Stat. §229.74(c) limits the revenue bond issuance to \$160 million for stadium construction.
- Wis. Stat. §229.75(1) indicates that the state and each County in the District's jurisdiction are not liable on bonds and the bonds are not a debt of the State or any County in the District. A bond issue does not, directly or indirectly or contingently, obligate the State or a political subdivision of the State to levy any tax or make any appropriation for payment of the bonds.
- Wis. Stat. §229.75(2) indicates that all bonds issued by a District are payable and shall state that they are payable solely from the funds pledged for their payment in accordance with the bond resolution authorizing their issuance, or in any trust indenture or mortgage or deed of trust executed as security for the bonds.
- Wis. Stat. §229.75(3) indicates that bonds issued by the District shall be secured only by the District's interest in any baseball park facilities, including any interest in a lease with the Department of

Southeast Wisconsin professional baseball district Bond Financing Conclusions

- Bond repayments or retirements are usually spread out over a 30-year period.
- The length of the primary tenant lease is usually the equivalent of the bond retirement.
- Sales and user taxes seem to be the favorite methodology for financing baseball stadiums.
- The Southeast Wisconsin Professional Baseball District (District) will be the fourth of the stadiums – including the Arizona Diamondbacks, Texas Rangers, and Colorado Rockies – to retire their bonds earlier than scheduled.
- The District is within the range for average proportional public to private funding for contrasting a ballpark.

Southeast Wisconsin Professional Baseball Park District

- Land – The State of Wisconsin owns the parcel of land on which the stadium is situated and has land leased the same to the District pursuant to a Ground Lease dated October 21, 1996, comprising approximately 186 acres.
- Location – Miller Park is located in the middle of Milwaukee County and bounded to the east by the Menomonee Valley and to the south by Miller Park Way and the Village of West Milwaukee, and is surrounded by a sea of expressways and is not located in the heart or downtown of Milwaukee.
- Lease – The District leased the stadium project to the Milwaukee Brewers, providing for a term commencing March 31, 2001 and expiring December 31, 2030.
- Ownership – Pursuant to a Summary of Costs / Ownership Percentage dated February 1, 2006, the District owns 70.91% of the stadium site and the Brewers own the remaining 29.09%, now estimated to be at 36%.
- Cost – The total cost of the stadium project was \$392,490,712, although the Legislative Audit Bureau disputes the cost.
- Public – Private Contribution – 81% Public, 19% Private

The Renovation Boom



Approximately 51% of venues from the NBA, NFL, and MLB were built before the year 2000. So, plenty of renovations or newly constructed venues are on the immediate horizon. As a matter of fact, as leases expire some experts estimate that up to \$20 billion will be spent over the next decade in building stadiums, ballparks, or arenas, or in renovations to them. The financing for many of these facilities in the form of bonds have been defeased and leases are coming to an end, including the options to extend. Governmental units and team owners are now faced with upgrading those facilities with capital improvements to maintain the stadium in competition with others in the MLB. The extent of those capital improvements, who pays for those capital improvements, and the extension of the leasehold agreement to the future are going to be key issues that will have to be addressed by team owners and governmental units. What capital improvements are to be made to maintain the facility as a first-class facility or a facility that must be in the top “x” percentage of facilities in the MLB to maintain its state-of-the-art status, will become an issue. Increased requirements of the league to update the facilities for purposes of not only fan safety, but of fan experience, will also be part of the capital improvement equation. Many of these facilities are publicly funded, are results of public-private partnerships, and in few instances are privately funded. In any event, the key questions will be what capital improvements are required, who is to pay, and what is the mechanism, whether it will be a joint venture, as to how payment is to be achieved. Questions will be asked as to whether capital improvements verses a newly constructed venue is in the best interest of the community and the team owner for keeping the team at home and extending the lease into the future.

In many instances, pursuant to the leasehold agreements of the public entity and teams, capital reserve accounts were required to be contributed to plan for these future undertakings. Unfortunately, in some instances what has been reserved will not be financially complete enough to undertake the costs of the improvements that the stadium may need in the future. We will also be running into different estimates of what needs to be improved based upon the interpretation of what standard may have been in the prior lease. I can see instances where the team’s estimation and report of improvements may far exceed that of the public entity given the estimated future costs via the reserve fund. All of this results in future decisions to be made, where the money comes from and keeping the team at home.

The Renovation Boom, continued

What follows is a chart detailing construction dates for stadiums that might feel the effects of the Renovation Boom:

Team	Stadium	City	Date
Blue Jays	Rogers Centre	Toronto	1989
Devil Rays	Tropicana Field	St. Petersburg	1990
White Sox	Guaranteed Rate Field	Chicago	1991
Orioles	Camden Yards	Baltimore	1992
Indians	Progressive Field	Cleveland	1994
Rockies	Coors Field	Denver	1995
Diamondbacks	Chase Field	Phoenix	1998
Mariners	T-Mobile Park	Seattle	1999
Giants	Oracle Park	San Francisco	2000
Astros	Minute Made Park	Houston	2000
Tigers	Comerica Park	Detroit	2000
Pirates	PNC Park	Pittsburgh	2001
Brewers	American Family Field	Milwaukee	2001

Wisconsin Professional Baseball Park District re Renovation Boom – Miller Park Considerations



- Multiple units of government (City, County, State), including the District that owns the Stadium, enter into cooperative agreements for purposes of funding the capital improvement fund.
- Teams often participate in a partnership in some way with governmental units with respect to funding, the capital improvements equation and extending the lease.
- The issuance of bonds is a means by which the governmental units fund the future capital improvements. The team and governmental units usually agree upon the improvements to be added and the timing therefor.
- The Renovation Boom has involved a disproportionate amount of public funding in order to encourage lease renewal and stadium improvements.

American Family Field Renovation Boom Financing



1. Brewers' study indicates that \$420M in improvements are necessary. Lease Extension until December 31, 2050.
2. Total Amount of public financing - \$550.8M, about \$24M annually.
3. Sources of Public Financing:
 - A. City of Milwaukee/Milwaukee County - \$135M (approximately \$2M per year by virtue by an increase in taxes and shared revenues).
 - B. State of Wisconsin - \$365.8M (first payment will be \$13.4M, annual rate will increase by 4% per year, no payment to exceed \$20M, after 7/1/2041 – no payment may exceed \$10M).

American Family Field Renovation Boom Financing, Continued

4. Sources of Private Financing:

- A. Brewers – Approximately \$150M (Starting in 2024 - 27 annual deposits of \$300,000, Additional 27 annual deposits of \$1,851,852, and 22 annual rental payments of \$1,208,401. Team makes 5 annual rental payments of \$3,208,401 beginning in 2046. Team must put \$50M towards park facilities development, \$25M of which must be contributed before 1/1/2037)
- B. Ticket Surcharge on all non-baseball events:
 - 1. From 2024-2032, an \$8 surcharge on all luxury box tickets; a \$2 surcharge on all regular tickets
 - 2. From 2033-2041, a \$9 surcharge on all luxury box tickets; a \$3 surcharge on all regular tickets
 - 3. From 2042-2050, a \$10 surcharge on all luxury box tickets; a \$4 surcharge on all regular tickets



American Family Field Upgrades



- Milwaukee Brewers are required to spend \$50M on upgrades under the 2023 funding deal, as of September of 2025 they have already invested at least \$10M.
- Upgrades include: Scoreboards, The Alley Food Truck Park, Third Street Market Hall Annex, Team Store, Broadcast Control Room, Retractable Roof, Parking, Technology, Winterization, Social Gathering Spaces, Expansion of Corporate Offices, and New Seats as part of the new Leasehold Agreement
- The Wisconsin Progressional Baseball Park is unique in that it is required to keep the ballpark within the top 25% of MLB stadiums.

Miller Park Becomes American Family Field



- American Family Insurance took over the naming rights in 2021 and agreed to pay the Milwaukee Brewers approximately \$4M per year over 15 years for naming rights of the ballpark.
- The naming rights deal with Miller Brewing Company which eventually became MillerCoors was for \$2M per year over 20 years.
- American Family Insurance also has naming rights over the Brewers Spring Training complex, American Family Fields of Phoenix, f/k/a Maryvale Baseball Park.

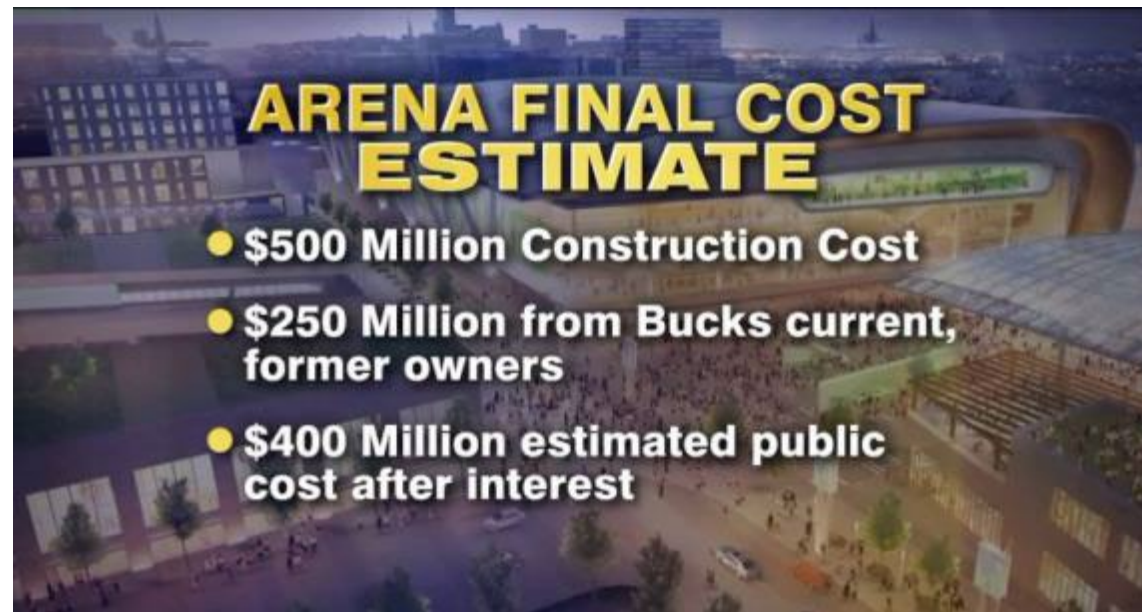
Funding for a New Arena



Bucks Financing Private Contributions

Contribution Agreement dated April 13, 2016 by and between the Wisconsin Center District, Greater Milwaukee Foundation, Inc., KPG Charitable Foundation, Inc. and Herbert H. Kohl.

- \$100 million from Senator Herb Kohl
- \$150 million from Bucks' Owners Marc Lasry and Wesley Edens
- Any cost overruns to be covered by the Bucks, not the public



Bucks Financing Public Contributions

- The City of Milwaukee: \$47 Million;
- State of Wisconsin: \$55 Million or \$4 Million/year;
- Milwaukee County: \$55 Million or \$4 Million/year; and
- Wisconsin Center District: \$93 Million.



Fox6 News, Lawmakers, Community Leaders React to Milwaukee Bucks Arena Funding Deal, FOX6NOW.COM (July 28, 2015)

Breakdown of Public Contribution – City of Milwaukee



- The \$47 Million will be repaid through the creation of two tax incremental financing (TIF) districts.
 - The money that the City will spend on the public plaza and garage will be repaid through two tax incremental financing (TIF) districts, TID 84 and TID 22. “TID 84, which covers about 45 acres including the Bradley Center and most of the Old World 3rd St. commercial district, would be created. It would provide \$12 million for the plaza. TID 22, the Beerline, would be modified and would provide \$27 million for the parking structure.” The Bucks would contribute \$8 million toward construction of the parking structure. The city would repay the Bucks with interest from TID 84 once the city has recovered its \$12 million plaza investment. The TIF districts will collect “property taxes from new nearby commercial developments, including the entertainment center and a Bucks practice facility,” which are located within a half-mile radius of the parking structure. Under Act 60, “any expenditures or monetary obligations made or incurred by a first class city to fund a parking facility next to or within one-mile of public entertainment facilities, including new arena, would be considered a benefit to the TIF district and therefore be included as project costs.” The TIFs will also collect “property taxes from a [TIF] that includes several newer condos, apartments and other developments on N. Commerce St., north of downtown.”

- Tom Daykin, *Milwaukee Common Council Votes 12-3 to Approve Bucks Arena Financing Package*, MILWAUKEE JOURNAL SENTINEL (Sept. 22, 2015), <http://www.jsonline.com/news/milwaukee/aldermen-approve-borrowing-for-the-new-arena-b99581782z1-328671581.html?ipad=y>; Bayatpour, *supra* note 20.
- Crocker Stephenson, *Another City Committee Backs Bucks Arena Financing*, MILWAUKEE JOURNAL SENTINEL (Sept. 16, 2015), <http://www.jsonline.com/news/milwaukee/another-city-committee-backs-bucks-arena-financing-b99577658z1-327902021.html?ipad=y>.
- *New Bucks Arena Parking Garage*, URBAN MILWAUKEE, <http://urbanmilwaukee.com/building/new-bucks-arena-parking-garage/> (last visited Oct. 4, 2015); Crocker Stephenson, *Another City Committee Backs Bucks Arena Financing*, MILWAUKEE JOURNAL SENTINEL (Sept. 16, 2015), <http://www.jsonline.com/news/milwaukee/another-city-committee-backs-bucks-arena-financing-b99577658z1-327902021.html>.
- *Bucks arena Legislation Stays Out of Budget*, THE HAMILTON CONSULTING GROUP (July 8, 2015), <http://www.hamilton-consulting.com/blog/2015/07/08/bucks-arena-legislation-stays-out-budget>.



Breakdown of Public Contribution – County of Milwaukee

- Milwaukee County will contribute \$4 Million per year or \$55 Million dollars. The County's contribution approximates \$80 Million with interest.
- According to Section 79.035(6) of Act 60, “beginning with the distributions in 2016 and ending with the distributions in 2035, the annual payment under this section to a county in which a sports and entertainment arena . . . is located shall be the amount otherwise determined for the county under this section, minus \$4,000,000.” Thus, Milwaukee County's state aid payments will be reduced by \$4 million dollars until their portion of the arena contribution has been satisfied. The uncollected debt provision, which was removed from the original Senate bill and replaced by the \$2 ticket surcharge, may be implemented by the County if approval is received from County treasurer and clerk of circuit courts. This plan would transfer from the County to the State the ability to collect unpaid debts and taxes owed to the County to be used for the County's portion of the funding.

- Wisconsin Senate Bill 209, § 79.035(6) (2015)
- Lee Bergquist & Jason Stein, *Scott Walker to Sign Arena Funding Bill Thursday*, JOURNAL SENTINEL (Aug. 5, 2015), <http://www.jsonline.com/news/statepolitics/scott-walker-to-sign-arena-funding-bill-thursday-b9954945421-320795001.html>.
- Mary Spicuzza et. al., *Scott Walker Signs Bill Clearing Public Funds for New Bucks Arena*, MILWAUKEE JOURNAL SENTINEL (Aug. 12, 2015), <http://www.jsonline.com/news/statepolitics/scott-walker-to-sign-bucks-arena-funding-bill-at-wisconsin-state-fair-b99555622z1-321544131.html>
- Partick Marley & Jason Stein, *Assembly Passes Arena Deal, Sends it to Scott Walker*, MILWAUKEE JOURNAL SENTINEL (Jul. 28, 2015), <http://www.jsonline.com/news/statepolitics/assembly-today-is-expected-to-pass-arena-deal-b99545942z1-318870361.html>.

Breakdown of Public Contribution – State of Wisconsin



- The state will contribute \$4 Million per year or \$55 Million. Pursuant to Act 60, section 229.48(1), the Wisconsin Center District will “issue bonds for costs and purposes that are related to . . . [a] sports and entertainment arena or sports and entertainment arena facilities.” Under the legislation, costs and purposes include the construction of a new arena. The bonds issued to the State of Wisconsin will be paid by state taxpayers in order to finance their portion of the funding.
- According to Act 60, 25% of the \$2 surcharge will go to the state through “the Department of Administration for deposit into the general fund.” The 25% ticket surcharge going to the State is projected to generate \$500,000 per year, which will go towards the State’s portion of the arena funding and reduce the State’s contribution to approximately \$3.5 million per year.

- Wisconsin Senate Bill 209, § 229.15(1) (2015). Wisconsin Senate Bill 209, § 229.48(1)(a) (2015). Wisconsin Senate Bill 209, § 229.445 (2015).
- Lee Bergquist & Jason Stein, *Scott Walker to Sign Arena Funding Bill Thursday*, JOURNAL SENTINEL (Aug. 5, 2015), <http://www.jsonline.com/news/statepolitics/scott-walker-to-sign-arena-funding-bill-thursday-b9954945421-320795001.html>.
- Rich Kirchen, *Assembly Sets Milwaukee Arena Vote for July 28, but What about the Ticket Surcharge?*, MILWAUKEE BUSINESS JOURNAL (July 21, 2015), <http://www.bizjournals.com/milwaukee/blog/2015/07/assembly-sets-milwaukee-arena-vote-for-july-28-but.html>.



Breakdown of Public Contribution – Wisconsin Center District

- Under Act 60, the \$2 surcharge on all tickets sold at the new arena will be divided between the State and the Wisconsin Center District. “[Twenty-five] percent of the amount received under this section [shall be distributed] to the Department of Administration for deposit into the general fund and [the board of directors] shall retain the remainder for the district.” The proceeds from the \$2 surcharge on all tickets sales at the new arena will be used to help the Wisconsin Center District fund their \$93 Million contribution.
- The Wisconsin Center District will collect local taxes from “hotel rooms, rental cars, food and beverage” taxes under Act 60 section 70.11(37).

- Wisconsin Senate Bill 209, § 229.445 (2015).
- Rich Kirchen, *Assembly Sets Milwaukee Arena Vote for July 28, but What about the Ticket Surcharge?*, MILWAUKEE BUSINESS JOURNAL (July 21, 2015), <http://www.bizjournals.com/milwaukee/blog/2015/07/assembly-sets-milwaukee-arena-vote-for-july-28-but.html>.
- Lee Bergquist & Jason Stein, *Scott Walker to Sign Arena Funding Bill Thursday*, JOURNAL SENTINEL (Aug. 5, 2015), <http://www.jsonline.com/news/statepolitics/scott-walker-to-sign-arena-funding-bill-thursday-b99549454z1-320795001.html>.



IT TAKES A VILLAGE TO BUILD A SPORTS FACILITY

INTRODUCTION

- It takes a village to build a sports facility. Sports facility development is nothing more than real estate development.
- A sports facility is more than a place to view a sporting event. A sports facility is a destination place, an entertainment district, a bundling stimulus, a real estate development, a place where people can work, eat, watch, congregate, recreate, buy, and socialize.
- That which surrounds the renovated or newly constructed facility may be one of the most tangible of economic benefits sports facilities produce.
- Moreover, a newly constructed or renovated venue can bring complete renewal and revitalization to blighted areas, environmentally hazardous sites, aged communities, or near downtown areas.
- A sports facility's importance is not only to maintain or retain the team at home but to act as a redevelopment stimulus that creates (1) increases in assessed valuation that result in real estate taxes, (2) jobs as a result of the commerce created around the facility, and (3) auxiliary tax benefits for governmental units in the form of sales, use, liquor, hotel and car rental taxes, to name a few, because of such commerce.
- In order for there to be real estate and economic development, the facility must be part of a "receptive community."

Environment or ingredients necessary in order to create a Sports.Comm include:



- Need or desire for new or renovated venue(s) (existence of sub-standard venue 15+ years old)
- A municipality which sees a sports facility as the centerpiece for real estate development
- Current use of surrounding area. Blighted, environmentally impacted, or underdeveloped areas are preferable
- Availability and willingness of local government to utilize tax incremental financing
- Availability of public funding; ample bonding capacity; availability of special tax levies or excess capacity from current levels; economic development resources; etc.
- Market demand for premium seating and corporate base to support sponsorships and naming rights
- Existence of poorly managed teams that are losing money or no teams currently in the market
- Availability of publicly-owned or acquired properties that have strong site characteristics and strong potential of adjacent development
 - Potential of acquiring development rights on adjacent parcels
 - Adjacent to public infrastructure (transit, roads, parking, etc.)
- Sufficient surrounding area to accommodate auxiliary development

Real Estate Development Toolbox

1. Financing
2. Debt – Loan guarantees
3. Credit enhancements
4. Loan insurance
5. Seed capital tax credits
6. Freezing property taxes at pre-development levels
7. Tax abatement
8. Grants – façade – historic preservation
9. Low Income Housing Tax Credits (LIHTC)
10. Community Development Block Grants (CDBG)
11. TIF – Tax Incremental Financing
12. New Market Tax Credits
13. EB5 Visa program
14. Matching funds programs
15. IRC – Depreciation
16. Business Improvement Districts



Wisconsin Tax Incremental Financing (TIF)

TIF is an economic development tool used by municipalities to fund projects by borrowing money against the expected increase in property taxes within a designated area called a Tax Incremental District (TID). The revenue generated from the increment – the difference between the TID’s original value and the new, increased value after development – is used to repay the debt, allowing municipalities to finance improvements like site development, blight removal, and public infrastructure. Other taxing entities, like school districts and counties, continue to receive their original share of property tax revenue, while the increment goes to the TID to pay for the project.

How it works:

- District creation: A municipality creates a TID and determines its “base value,” which is the total value of the properties within the district at the time of creation.
- Project development: A project, such as a new commercial development or revitalization effort, is planned for the area.
- Incremental generated: The development increases the property’s value. The “increment” is the difference between the new, higher value and the original base value.
- Financing the project: The municipality can borrow money to pay for the project’s costs, such as site improvements, public infrastructure, or even developer grants.
- Debt repayment: The property tax revenue generated from the increment is captured and used to repay the debt incurred for the project.



TIF: Key aspects and requirements

- Purpose: To encourage development, eliminate blight, and improve a municipality's tax base.
- Benefits: TIF can lead to increased employment, a better business environment, and can shift the tax burden from residential to new commercial and industrial users.
- “But for” test: Projects must often demonstrate that they would not happen “but for” the use of TIF financing.
- Tax sharing: Other taxing jurisdictions (like school and county governments) receive the tax revenue based on the original “base value” of the district. They are not affected by the “increment” going to the TID.
- Statutory requirements: Wisconsin has specific statutes, such as Wis. Stat. § 66.1105, that govern TIF, with changes made over time to add restrictions or accommodate specific project types.

TIF – Eligible projects and costs covered by TIF funds typically include:



- **Public infrastructure:** Construction and upgrading of essential services like new roads, sidewalks, water mains, sewer systems, and other utilities.
- **Property and Site Preparation:** Costs associated with land acquisition, demolition of blighted properties, environmental remediation (such as lead or asbestos containment/removal), and general site preparation/land clearing.
- **Building Improvements:** Repair, remodeling, renovation, and similar improvements to existing structures.
- **Development Incentives:** Direct financial assistance or incentives to private developers to bridge the financial gap that might prevent a project from moving forward.
- **Professional Services:** Expenses for surveys, studies, engineering, consulting, planning, legal, and other professional services related to the district's projects.
- **Capital and Financing Costs:** Costs associated with capital development, borrowing funds (including capitalized interest), and other financing-related expenses.

How does Tax Incremental Financing Work?

The best way to explain this complex issue is with an example. Let's suppose we create a Tax Incremental District (TID) of one property. This one property is currently assessed at \$100,000. A developer proposes to develop this one property and build a new store. After they complete the project the new value on the property adds an additional \$900,000 to the assessed value. This makes the assessed value on the newly developed property now worth \$1,000,000. Who gets the taxes from the newly developed property? All the taxing entities (village, school, county, state, MMSD, etc.) would continue to receive taxes as if the property were assessed at \$100,000. This is called the "tax base".

The new taxes that created an additional \$900,000 in assessed value would stay within the TID. This is called the "increment". What does the municipality do with this new "increment" tax? The municipality can use the money to make additional improvements within the TID or it can help the developer. If the developer requests funding to help them complete the project, then state law allows a municipality to help developers using this new "increment" tax. The developer must sufficiently prove they would not be able to complete the project without TIF help because of higher than normal project costs. The state calls this the "but-for test". This new development would not occur 'but-for' the use of TIF. The municipality then uses the new "increment" tax to help the developer over the course of the life of the TID. The maximum statutory life of a TID is 27 years. The "tax base" taxes would continue to go to all the taxing entities.



City of Milwaukee: PILOT Payment in Lieu of Taxes

A Sense of Community

While they share in a full range of city services, tax exempt properties do not contribute to the operation of city government to the same extent that non-exempt properties do.

Wisconsin law defines properties eligible for tax exemption. Owners of properties that meet the legal criteria for exemption are not required to pay local property taxes.

Some exempt property owners, however, choose to make a **“payment in lieu of taxes”, or PILOT**. While they are not obligated to pay property taxes, they acknowledge the local government services they receive and agree to a voluntary payment.

PILOTs reflect an exempt owner’s sense of community. Those who make PILOTs recognize they benefit from the police and fire departments; they use city infrastructure; and they know city government requires resources to promote development and keep residents healthy.

The City of Milwaukee asks exempt property owners to consider making a “Fair Share” payment. A Fair Share PILOT is an agreed upon commitment by a tax exempt property owner to pay, annually, a portion of the amount that would be due in taxes if the property were not exempt.

Exempt property owners who provide community services benefitting the City and its residents could be eligible for a credit that decreases the amount that makes up a Fair Share payment.





City of Milwaukee: PILOT Payment in Lieu of Taxes, continued

Does Milwaukee have a need for PILOTS?

More than \$4.5-billion of real estate is tax-exempt in the City of Milwaukee, comprising approximately 17-22% of the city's total real estate value. Both the number of exempt properties and the total value of those properties continues to climb. At present there are over 9,800 exempt parcels in the City of Milwaukee,

While tax exempt properties owners are legally entitled to their exemptions, their properties are not counted in the city's tax base. That means the tax rate paid by other property owners is higher than it would be if exempt properties were included in the tax base.

More than one dozen exempt properties have entered into agreements with the City of Milwaukee to make payments in lieu of taxes. This represents a small fraction of the thousands of exempt properties in the city, but it reflects an acknowledgment from these owners that they benefit from city services.

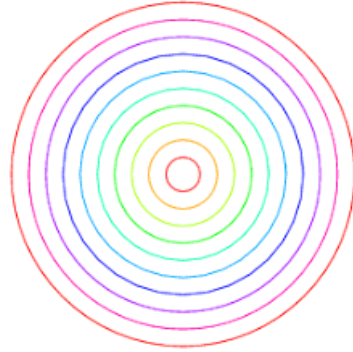
City of Milwaukee: PILOT, continued



What types of Milwaukee organizations are currently making payments and what types of agreements are used?

- Private developers have used Private Development Agreements (used when properties are being newly constructed or redeveloped) – usually created by City Attorney’s office
- Department of Transportation Municipal Services payments
- Fair Share agreements are used by property tax exempt organizations
- Housing Authority of the City of Milwaukee (Housing Authority City of Milwaukee - HACM) - payments are typically for public services and facilities furnished to the properties
- Voluntary payments by residents of exempt properties – a form of Fair Share Agreement
- Water Utility Payments - the City receives annual payments from this other government agency
- University of Wisconsin – the City received state aid payments that are intended to cover a portion of the cost of providing city services to the University, formal PILOT agreements are in place

Theory of Concentric Circles



- In most communities, the building or renovation of a sports venue has created happenstance real estate and economic development surrounding the venue
- This piecemeal building leads to “Concentric Circles” of development surrounding the sports venue
- Did sports venues jump start real estate development or was real estate development already occurring and was augmented by venue construction?
- There is enough evidence in both major and secondary cities that the creation of sports facilities will have a rippling effect of creating real estate and economic development in the surrounds of the facility

Definitions



- **Special Activity Generator (SAG):** a method of assessing the economic success of a sports facility by analyzing whether the sports facility created district development in the area that surrounds the sports facility
 - Spillover spending benefits
 - New construction within the district
 - Rejuvenation of a blighted area
- SAG establishes baseline conditions to compare against the conditions following investment using a but-for analysis
- SAG can be used for a facility that is not located in a core-downtown area, like Miller Park

Definitions

Sports Community (Sports.comm) –

Anchor Real Estate Developments:

a preplanned sports community where the sports facility is the anchor for mixed-use real estate development

- A place where people can live, work, eat, watch, learn, congregate, buy, and socialize

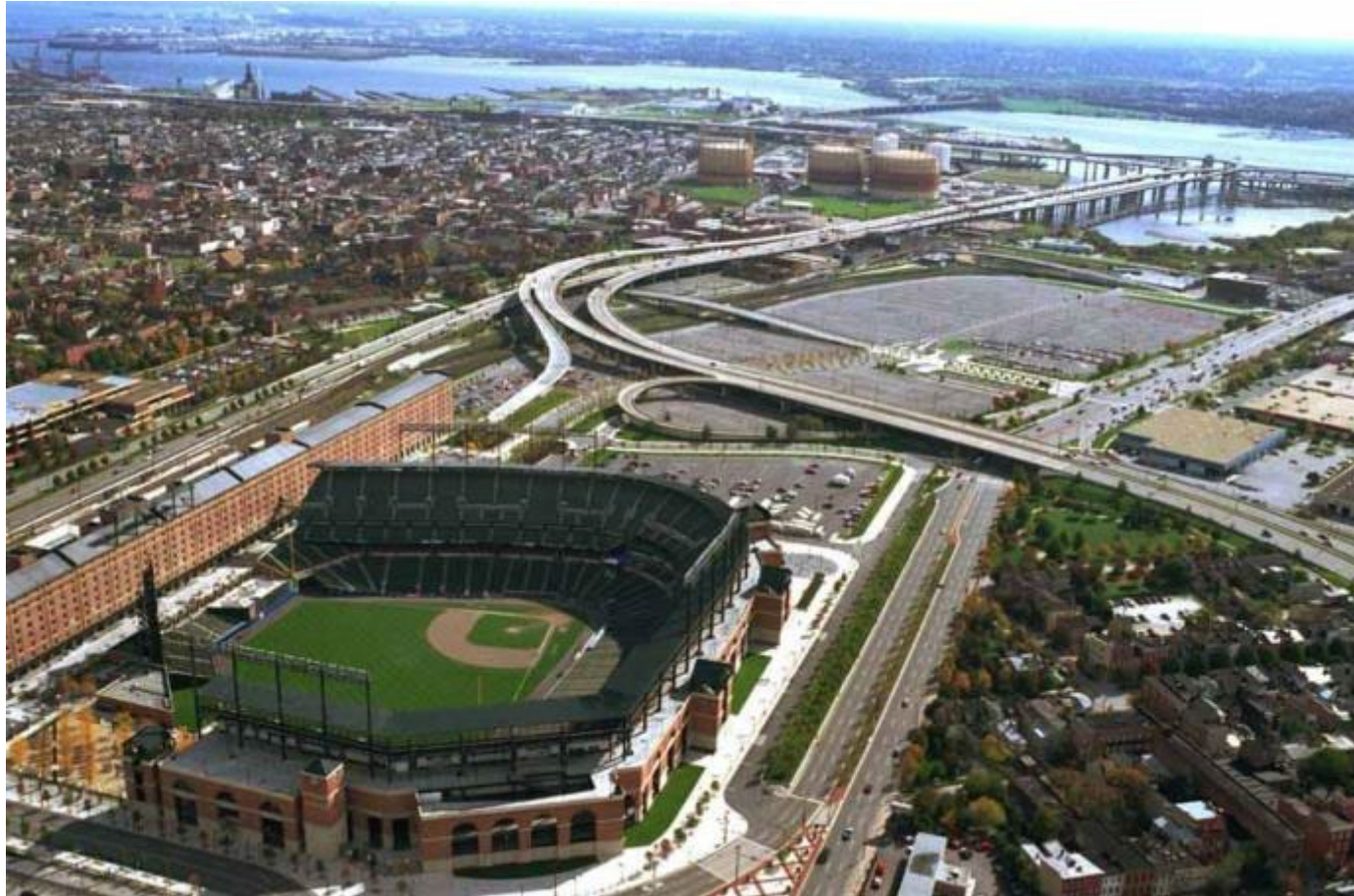


Urban Renewal & Revitalization

- That which surrounds the renovated or newly constructed facility may be the most tangible of economic benefits that sports facilities produces
- In a community, it may convert the image of a league team, or its owner from tax vulture into long-term visionary
- Moreover, a newly constructed venue can bring complete renewal and revitalization of blighted areas, environmentally hazardous sites, aged communities or downtown areas



Oriole Park at Camden Yards Home of the Baltimore Orioles



First example of real estate development around a sports facility.

Lo Do

Home of the Colorado Rockies



Cleveland Gateway

Home of the Cleveland Indians and Cleveland Cavaliers

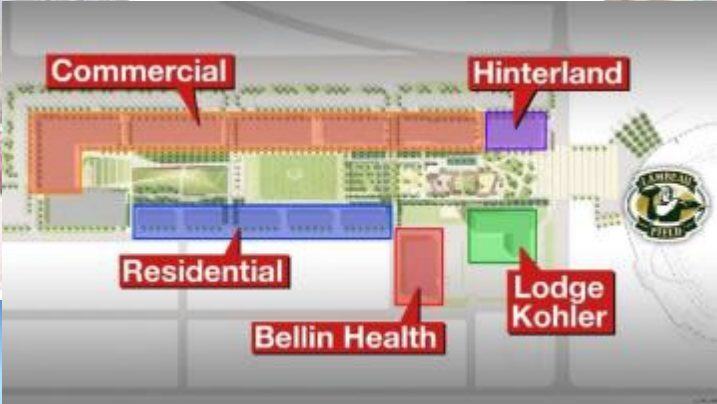


Titletown

Home of the Green Bay Packers



Titletown District Green Bay, Wisconsin



Titletown District Includes:

- 45 acres of land adjacent to Lambeau Field
- 10 acre park and plaza with a sledding hill and ice rink
- Anchored by Lodge Kohler Hotel, Hinterland Brewery, Bellin Health Clinic
- Work/Live:
 - Titletown Flats, apartment building units
 - Titletown Homes, townhomes
 - US Venture Center, seven story office building
 - Plans for more office and retail space



The Deer District: Home of the Milwaukee Bucks



Peter Feigin, President of the Milwaukee Bucks, is the master of Public-Private Partnerships and the creation of sports communities around the Fiserv Forum. The success that he encountered, and the time in which he did it, is an example for all to follow.

The Deer District Milwaukee, Wisconsin



The Deer District Includes:

- 30 acres of land
- Anchored by the Fiserv Forum
- McKinley Health Center/Sports Science Center
- The Trade Hotel
- MECCA Sports Bar, and multiple local breweries
- Work/Live
 - 242,500 sqft of office space
 - Five Fifty Ultra Lofts, apartments

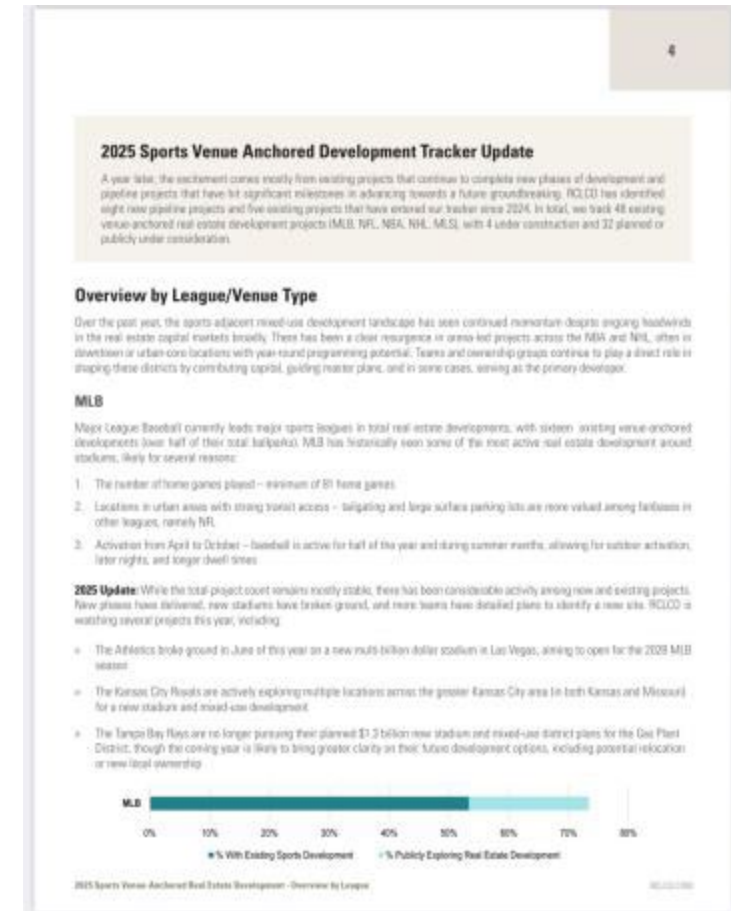
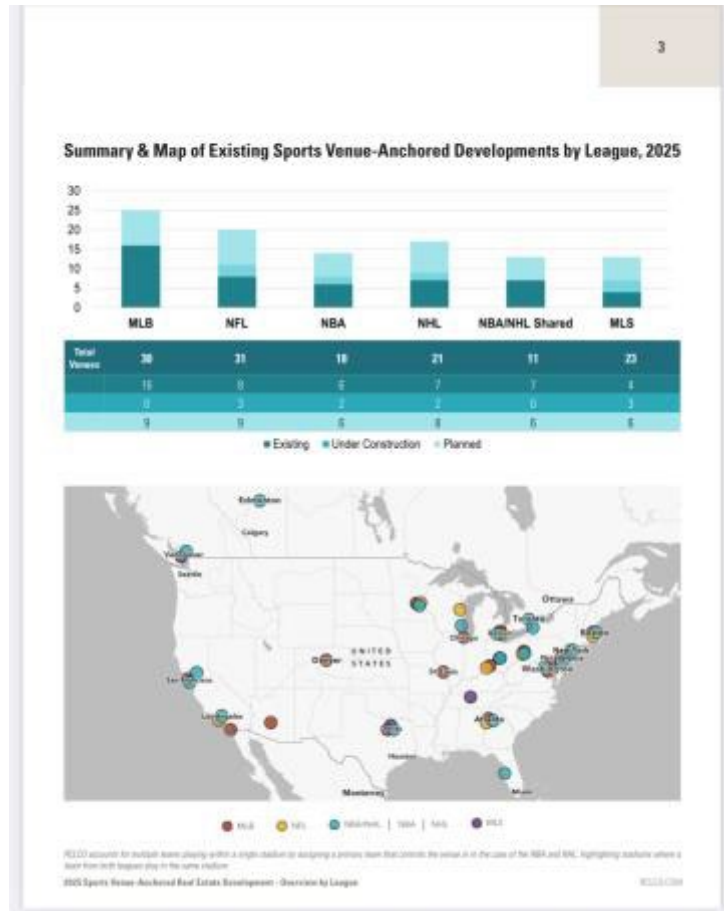


Changes Made to the Deer District

- The Milwaukee Public Museum's new facility is under construction on McKinnley Street
- The Trade Hotel by Marriot opened adjacent to the Fiserv Forum
- Tom's Watch Bar took over the MECCA Sports Bar and Grill space
- The New Fashioned took over the Punch Bowl Social space
- Good City Brewing's Taproom has been rebranded as Explorium Distilled
- Deer District's new music venue, Landmark Credit Union Live, to start hosting performances in February 2026



RCLCO: 2025 Sports Venue – Anchored Real Estate Development - Overview by League

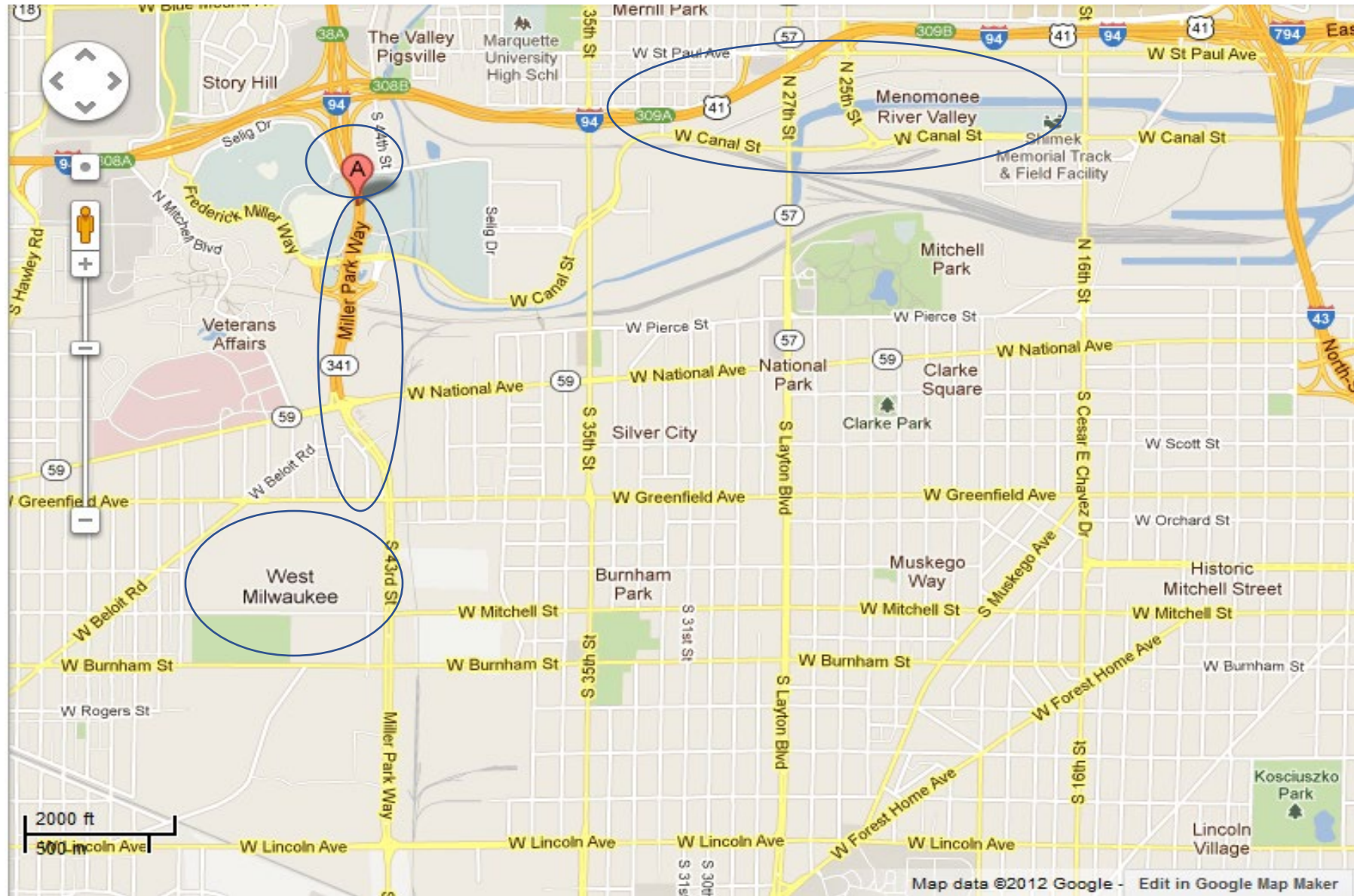


Miller Park – An Impact Beyond Baseball

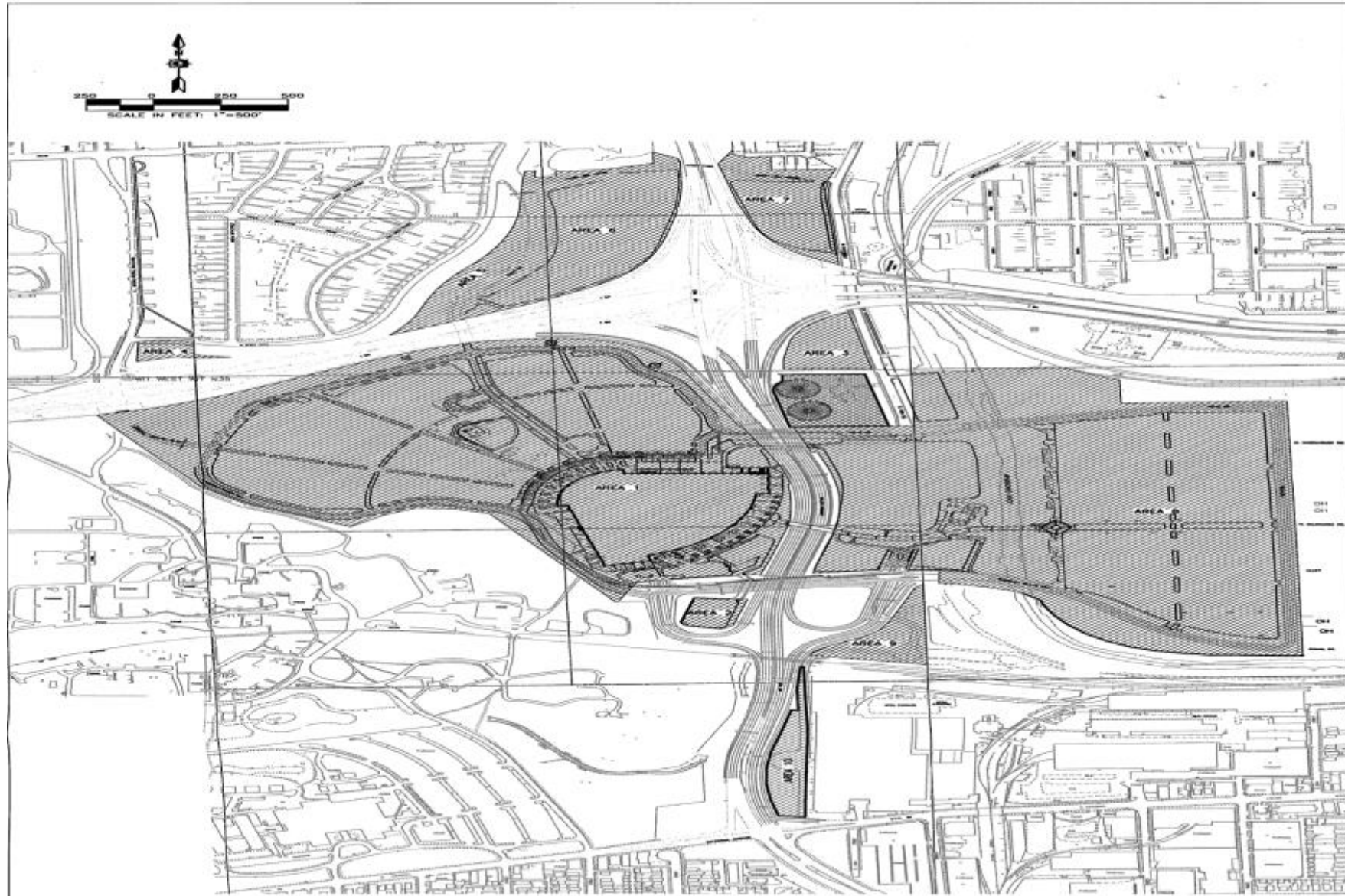
By Martin J. Greenberg (2015)

- Miller Park was constructed in the dead center of Milwaukee County, bounded by the Village of West Milwaukee to the south, and Milwaukee industrial center, the Menomonee Valley, to the east. Much of the land in the Village and in the Valley prior to Miller Park's construction was contaminated and environmentally tainted, underutilized, created an eyesore, and was legally blighted according to the Wisconsin Statutes. The construction of Miller Park brought to the center of Milwaukee County a fan-shaped retractable roof on a state-of-the-art Calatrava Major League Baseball stadium, which created a new focus, a new identification, and a focal point for the area. Miller Park was one of the largest public improvement and public-private joint ventures in the history of the State of Wisconsin. The surrounding areas, including the Village of West Milwaukee and the Menomonee Valley, were directly impacted and benefited from the investment by various governmental units in new infrastructure, transportation, access, and, of course, aesthetics. Miller Park Way in West Milwaukee and the west end of Canal Street in the Menomonee Valley have experienced a rebirth of a business and industrial corridor, a renaissance during this period. The creation of Miller Park and the rapid development since the construction of Miller Park of Miller Park Way and the west end of Canal Street in the Menomonee Valley is a further indication that intergovernmental cooperation can help drive real estate and economic development. The investment in Miller Park was a successful public-private partnership that shows that a financial bond between community groups, private development, and public assistance can recreate an area.
- While it is recognized that Miller Park is not located in the core of downtown and its location has different geographical and demographic characteristics, the opening of Miller Park has created new life for abandoned areas. Even given its unique location, I believe that Miller Park has experienced the phenomenon of concentric circles in a non-downtown core setting. Miller Park has contributed to the recreation of a district by providing impetus to the rejuvenation of blighted areas. The numbers speak themselves: simply compare the baseline statistics pre-construction of Miller Park to the 2011 statistics relative to assessed valuation and real estate taxes.
- This Report further fortifies the fact that real estate development has and is occurring in core areas near Major League Baseball facilities. Such phenomenon has now occurred outside the core of a downtown area. Construction of a sports facility as well as the public infrastructure that helps create the district in which it is surrounded creates auxiliary real estate development, whether happenstance or planned.

The Importance of Miller Park's Location



The Milwaukee Brewers

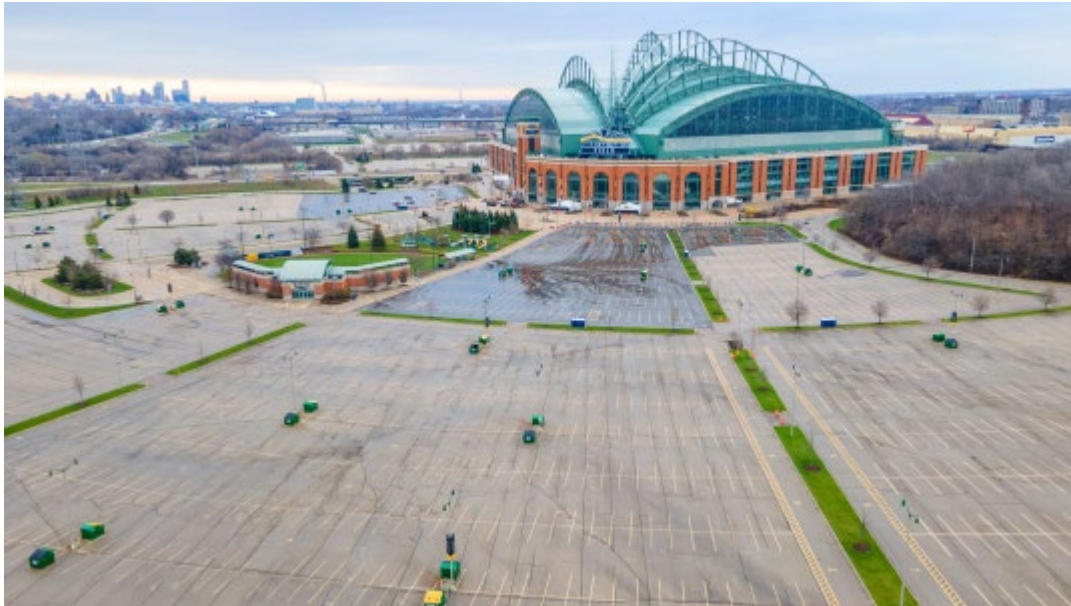


B&D Selected to lead study on multi-use district for American Family Field (July, 2025)



- Brailsford & Dunlavey were selected by the Southeast Wisconsin Professional Baseball Park District to conduct a strategic study evaluating the long-term future of American Family Field.
- B&D will analyze the feasibility of transforming areas around American Family Field into a vibrant, multi-use destination.
- This study is scheduled to be completed and submitted to the District by December 7, 2025.
- The study is expected to include various factors including: (1) Development of residential, mixed-use, and entertainment facilities; (2) Infrastructure requirements, environmental issues, parking and traffic flow; (3) Impact of I-94 expansion on Milwaukee's Westside; and (4) Potential for payment in lieu of property taxes for any commercial projects.
- Inquiry 2001 – Major developer, Columbus, Ohio

American Family Field parking lots eyed for multi-family housing, retail, Milwaukee Business Journal



- The acres of parking lots surrounding American Family Field could attract a combination of multifamily housing, retail, offices, and hotels in a development costing \$762 million to \$821 million, according to a consulting firm.
- The Wisconsin Professional Baseball Park District is conducting the study to comply with the 2023 legislation approving about \$500 million in government funding to maintain the ballpark and requiring the Brewers to remain in Milwaukee through 2050.
- The legislation required the study to include meetings with representatives of the Brewers, the City of Milwaukee, and Milwaukee County. But the legislation doesn't empower the District Board to take any action on a development.
- Brailsford & Dunlavey outlined three scenarios, two of which would create development along the Menomonee River, which runs through the parking lots east of Highway 175. The concepts for the areas east of the freeway would focus around the river and create the river as an amenity.
- The third scenario envisions development north and west of the stadium near Helfaer Field, which hosts softball, youth baseball and other events.
- The consultant's concepts for multi-family housing ranged from 600 to 1,000 units. The buildings would include two levels of parking, with retail at the ground level and five floors of housing above.
- The retail would consist of 38,000 to 52,000 square feet depending on the concept.
- A hotel could including 150 to 200 rooms. That would also have two levels of parking and five floors of rooms.
- The office space would be 20,000 square feet or more spread across two floors, with three levels of parking below.
- The developments would cover 25 to 30 acres of the stadium parking lots, resulting in a net loss of parking stalls ranging from about 1,600 to 3,000 depending on the concept.