



ALLIANT ENERGY CENTER DANE COUNTY, WI

STRATEGIC FEASIBILITY STUDY
SUMMARY OVERVIEW
January 7, 2016

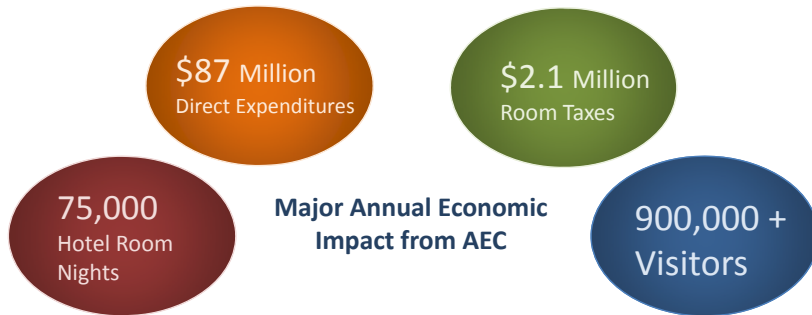
Hammes Company



1.0 INTRODUCTION



1.0 INTRODUCTION



Source: Alliant Energy Center Management, 2014



STRATEGIC FEASIBILITY STUDY OVERVIEW:

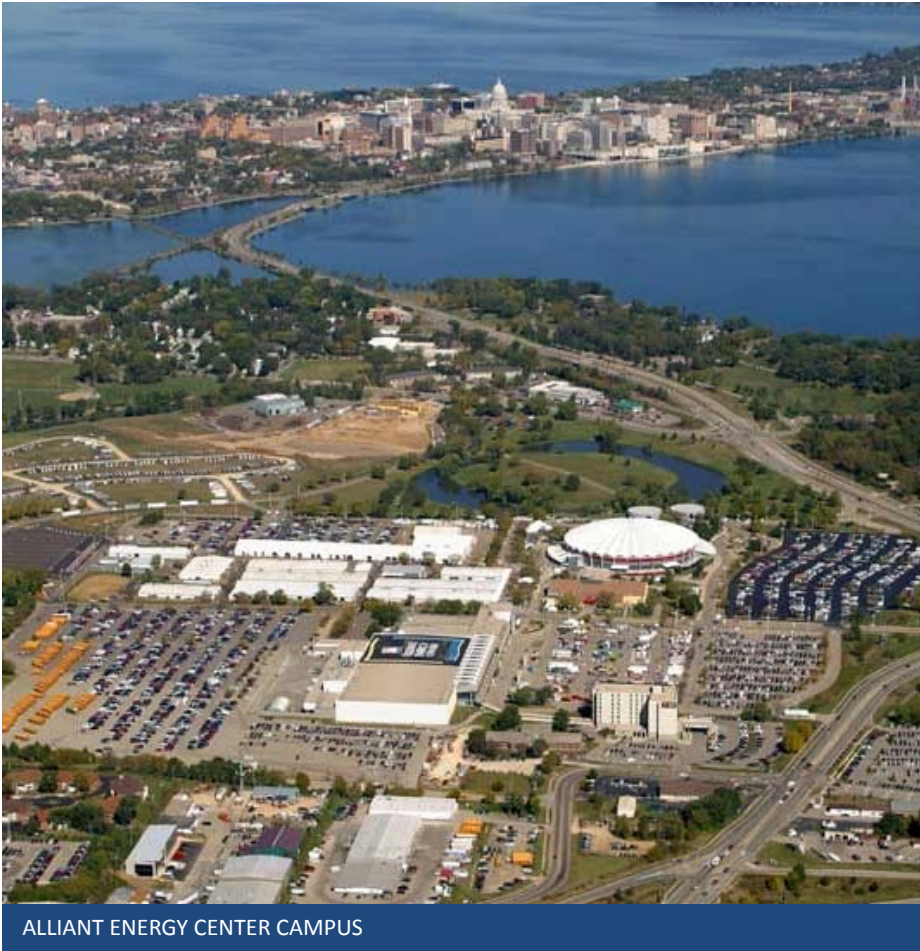
- AEC Background And Status Of Existing Facilities
- AEC Financial Performance
- Competitive Market Factors
- Real Estate Opportunities / Redevelopment Options
- Fiscal & Economic Impacts
- Governance Structure Examples
- Strategies and Options for Financing Improvements
- AEC Is At a Critical Stage



ALLIANT ENERGY CENTER FACILITIES

STATEMENT OF THE PROBLEM

- AEC is the only venue within its regional competitive set that is required to pay for all operating, maintenance and debt obligations from facility operating revenues. ***Others receive significant public subsidies.***
- Over recent years, AEC has experienced ***annual net operating deficits*** between \$300,000 and \$500,000. The deficit for 2014 has increased to approximately \$758,000 according to AEC financial statements.
- AEC has been able to rely on its reserve funds to cover annual deficits, but this ***reserve fund is now depleted.***
- ***In order to keep AEC functional and competitive,*** the annual operating deficit will require substantial draws on Dane County general purpose revenue (GPR), ***affecting County services, jobs and other projects.***
- As a result, ***Dane County is exploring alternatives*** to fund ongoing AEC operations and needed capital improvements.



THE OPPORTUNITY

- **Reposition the AEC Campus** to be a top-tier competitor for large events with new facilities and capital improvements to existing facilities.
- **Capture new market share** of large, profitable recurring events with improved facilities.
- **Eliminate AEC's continuing operating deficit** and build an operating surplus to fund future re-investment.
- **Create sustainable amenities and services** for the adjacent neighborhoods and communities.
- **Create a new destination** for the Dane County and the surrounding region that includes large events, commerce, entertainment and sports.
- **Leverage public investment by enabling private investment** to occur on and around the AEC Campus
- **Generate significant fiscal and economic benefits.**

- **Create permanent new jobs** for Dane County and the Region.



ARENA BUILDING

EXHIBITION HALL

COLISEUM

NEW HOLLAND PAVILLONS

	ARENA BUILDING	EXHIBITION HALL	COLISEUM	NEW HOLLAND PAVILLONS
YEAR BUILT	1955	1995	1967	2014
SIZE	40,500 SF	207,499 SF	10,300 Capacity 25,000 to 75,000 SF of Flexible Space	290,000 SF
PROGRAM	Exhibit Space Ice Sheet Renovated Hockey Locker Room	Exhibit Space Flexible Flat Floor Space	Sports, AG, Entertainment Flexible Exhibit Space	AG Shows Trade Shows
CONDITION SUMMARY	Fair/Poor 5 – 10 Years Useful Life	Good	Poor / Fair Near End of Useful Life	New



ALLIANT ENERGY CENTER CAMPUS

REDEVELOPMENT FRAMEWORK

In this Strategic Feasibility Study, we provide a framework which considers a range of potential redevelopment options for improvement of the AEC site:

- **OPTION 1** – Maintenance and Repair (Low Level of Improvement / Low Investment)
- **OPTION 2** - Limited Facility Upgrades or Capital Improvements (Moderate Level of Improvement / Moderate Investment)
- **OPTION 3** - Full Campus Expansion and New Event Venue (High Level of Improvement / High Level of Investment Including Private Investment)

Based on certain development assumptions, we have generated preliminary ranges of potential fiscal and economic impacts, which may be associated with each option.

This information is intended to act as a starting point to help inform future master planning or development efforts. This document is not intended to provide a specific master plan.



2.0 SWOT ANALYSIS OVERVIEW



2.0 SWOT ANALYSIS



STRENGTHS

- New Holland Pavilions
- Large clear span space at Expo Hall,
- Ample outdoor space and parking
- Strength of the facility staff and management team.
- AEC's close proximity to downtown Madison
- Accessible to a large population base

WEAKNESSES

- Poor condition of the Coliseum and Arena: Functionally Obsolete
- Limited funding for capital improvements.
- Limited access to banquet and/or breakout meeting space
- Lack of adjacent visitor industry infrastructure (i.e., restaurants, hotels, entertainment, transportation access, etc.)
- Continuing Operating Deficit.

OPPORTUNITIES

- Greater penetration of the agricultural/equestrian, entertainment and amateur sports markets.
- Development of a destination for local residents as well as the greater region.
- Creation of enhanced transportation connection linking downtown Madison, the UW campus or other area destinations.
- Improve the engagement of the Campus with the surrounding community and City amenities (i.e. parks).
- generate significant additional fiscal and economic impacts for the county and city if it can increase visitation and utilization.

THREATS

- Increasing industry competition for events,
- Poor condition of several AEC facilities
- Lack of funding to support staffing, marketing, capital repair and replacement
- Depletion of Reserved Funds
- Lack of Public Funding Support to match Competing Facilities



2.0 SWOT ANALYSIS

HIGH DEMAND

- Agricultural Shows
- Equestrian/Livestock
- Equipment Shows
- Club/Hobby Events
- Promoted Events
- Entertainment Shows

MODERATE DEMAND

- Amateur Sports
- Car/RV Shows
- Consumer Shows
- Tradeshows
- Community Fairs/Festivals

LOW DEMAND

- Large Conventions

INDUSTRY TRENDS

AGRICULTURAL, EQUESTRIAN AND LIVESTOCK FACILITIES

- Greater flexibility for a wider array of events and cover during inclement weather.
- Improved food and beverage services
- Comfortable hospitality spaces for banquets and meetings
- Displays, Signage and Exhibits provide which showcase the history and community
- Wi-Fi access throughout the entire complex

CONVENTION, CONFERENCE AND MEETING FACILITIES

- High load-capable concrete floors and sub-divisibility to appeal to a wide market.
- Flexible seating and gathering areas for indoor and outdoor events
- Attractive outdoor environment surrounding the center and site
- Walkable, on-site hotels, restaurants, retail and entertainment options
- Increased use of meeting space and break-out areas before, during and after events.

SPORTS & ENTERTAINMENT FACILITIES

- Rigging capacity in excess of 125,000 lbs for concerts or other events
- Curtaining / house reduction systems
- Integration of retail and dining choices to create a destination environment
- Reliable Cellular and Wi-Fi service
- Larger scoreboards and increased digital advertising opportunities
- Retractable seating in the lower bowl to provide added flat floor event space
- Suites and other Premium seating



2.0 SWOT ANALYSIS

MARKET DEFINITION – COMPETITIVE / COMPARABLE SET

COMPARABLE FACILITIES – COMPLEX SUMMARY								
Facility	City, State	Ownership Structure	Size (in acres)	Total Horse Stalls	RV Hookups	Largest Arena Seating	Largest Contiguous Exhibit Space	Total Indoor Event Space
Expo New Mexico	Albuquerque, NM	501(c)3	236	2,500	65	11,286	62,100	154,400
Ohio State Fair	Columbus, OH	State	360	1,012	363	5,000	152,900	579,600
National Western Center	Denver, CO	501(c)3	100	2,400	0	7,300	118,400	570,600
Iowa State Fairgrounds	Des Moines, IA	State	445	600	2,378	3,500	110,400	327,100
Iowa Events Center	Des Moines, IA	County	n/a	0	0	17,000	96,100	223,400
Will Rogers Memorial Center	Fort Worth, TX	City	105	3,200	190	5,700	95,000	164,200
American Royal Center	Kansas City, MO	501(c)3	74	1,474	50	19,500	96,000	315,400
Kentucky State Fair	Louisville, KY	State	400	2,498	218	19,000	425,700	1,140,600
Idaho Horse Park	Nampa, ID	City	180	880	44	12,657	63,000	100,800
Oklahoma State Fair	Oklahoma City, OK	City	435	2,600	330	9,000	70,000	328,000
Centurylink Center	Omaha, NE	City	n/a	0	0	14,000	194,300	287,600
SunnyView Expo Center	Oshkosh, WI	County	100	100	150	600	31,500	31,500
North Carolina State Fairgrounds	Raleigh, NC	State	344	585	200	7,600	95,000	224,600
Tulsa Expo Center	Tulsa, OK	County	240	2,500	0	4,500	334,000	501,000
Wisconsin State Fair	West Allis, WI	State	200	850	120	3,120	198,900	313,700
Alliant Energy Center	Madison, WI	County	153	1,300	139	10,231	200,000	452,200

Source: CSL

2.0 SWOT ANALYSIS

NEW HOLLAND PAVILIONS



KEY STRENGTHS:

ACCESSIBILITY LOCATION PARKING NEW HOLLAND PAVILIONS

- 5,800 Parking Spaces
- Close Proximity to major highway infrastructure
- The size and flexibility of the space provides AEC management an opportunity to accommodate existing/recurring event business such as World Dairy Expo
- The New Holland Pavilions provide a competitive advantage over other equestrian or livestock event centers.





KEY WEAKNESS:

OVERALL AEC UTILIZATION

Dependent on several Major Events (e.g. World Dairy Expo) then a Lack of activity at other times.

EXPO HALL UTILIZATION

Occupancy at the Expo Hall averages less than 40%. Industry-wide, occupancy levels are in the 50% to 70% range.

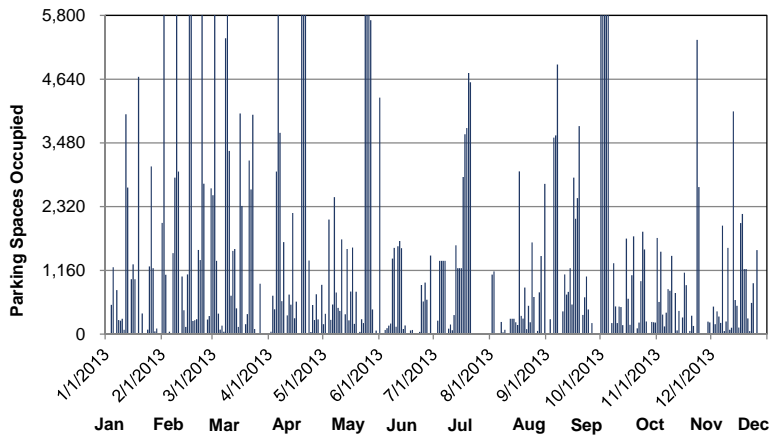
VETERANS MEMORIAL COLISEUM

Poor condition and outdated configuration create a substandard experience and have higher costs to host events.

DEFERRED MAINTENANCE DUE TO LACK OF FUNDS

The costs to continue to maintain the facilities are increasing as they age.

Daily parking lot usage by number of cars parked and parking lot space utilized for events



ALLIANT ENERGY CENTER CAMPUS & FACILITIES



2.0 SWOT ANALYSIS

COMPETITIVE / COMPARABLE FACILITY AND MARKET ANALYSIS

WEAKNESS: COMPARABLE FACILITIES – FINANCIALS – BURDEN OF SELF-FUNDING

The following table presents the revenues, expenses and maintenance, debt and other costs supported by facility operations for the AEC and several comparable venues. It is important to consider the financial operating ability of these facilities to maintain and market their venues. Not only do the competing facilities avoid carrying the burden of debt service but they also typically receive some sort of public contribution to assist operations or buy future business and events.

COMPARABLE FACILITIES - FINANCIAL OPERATIONS - 2014				
	Alliant Energy Center	Ohio Expo Park	Idaho Horse Park	Expo New Mexico
Revenue	\$7,980,643	\$13,042,738	\$895,045	\$11,982,968
Expenses	\$7,718,450	\$13,579,980	\$2,391,440	\$12,862,785
Net Operating Profit / (Loss)	\$262,193	(\$537,542)	(\$1,496,395)	(\$879,817)
Other Revenue	\$642,595	\$250,001	\$0	\$0
Debt Service	(\$1,663,753)	\$0	(\$66,544)	\$0
Public Contribution	\$0	\$1,347,256	\$1,562,939	\$5,896,169
Change in Net Assets	(\$758,965)	\$1,060,015	\$0	\$5,016,352

Source: Alliant Energy Center and CSL



3.0 REAL ESTATE ANALYSIS

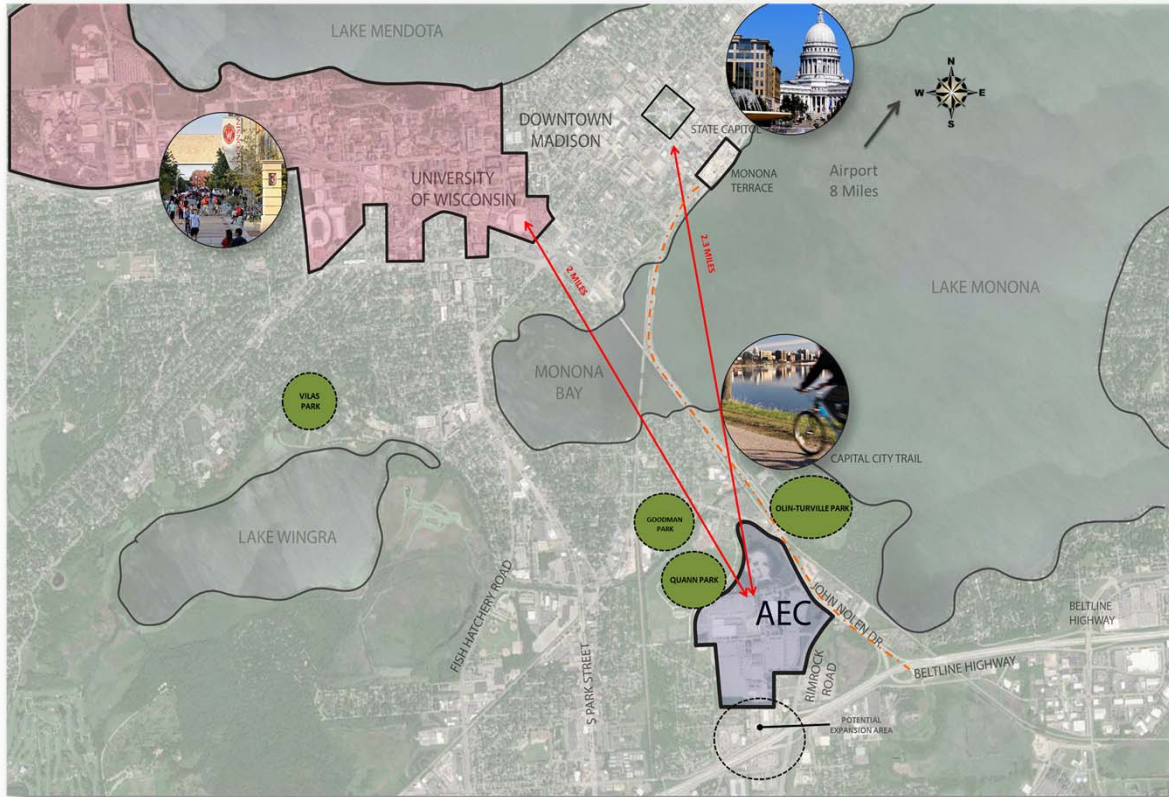
REAL ESTATE ANALYSIS OVERVIEW

Many factors allow for a multitude of enhancement options for AEC.

- Significant annual visitation
- Convenient access
- Abundant land
- Flexible facilities
- Experienced operations staff
- Close proximity to downtown Madison
- Name recognition and history

AEC has the potential to create additional positive economic impacts and new community benefits including local and statewide fiscal and economic impacts.

- Strengthen the Madison market through increased visitation and spending
- Permanent Jobs
- Community pride
- Stronger linkages with existing surrounding assets
- Important community destination with strong attractions and services





3.0 REAL ESTATE ANALYSIS

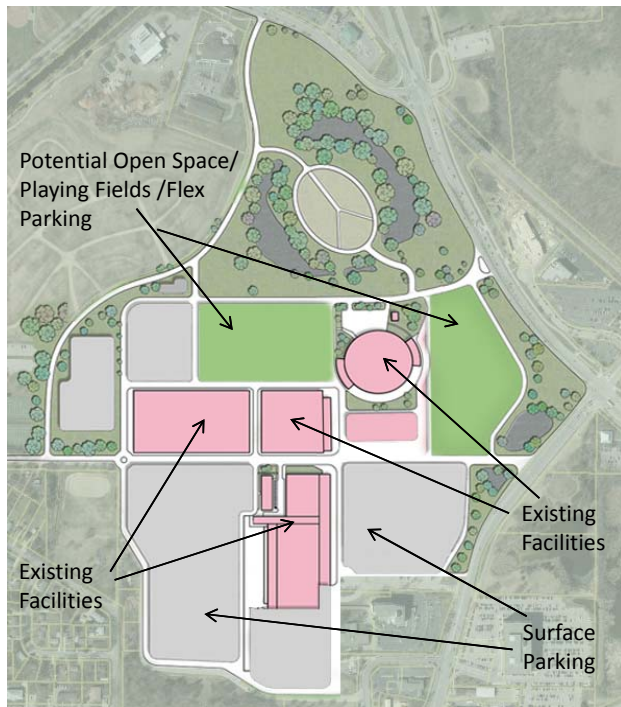
FRAMEWORK - SUMMARY OF OPTIONS

OPTION	INVESTMENT	CHARACTERISTICS	POTENTIAL PROGRAM AND OUTCOME
OPTION 1 Minor Deferred Maintenance & Repair with Short-Term Payback	Low	<ul style="list-style-type: none"> • Open space • Civic projects • Public in nature • Community investment • Maintain existing operations 	<ul style="list-style-type: none"> • Open spaces / green space • Simple Transportation links • No private development • Continuing Operating Deficit • Budget Burden for Dane County.
OPTION 2 Limited Facility Upgrades	Medium	<ul style="list-style-type: none"> • Limited facility upgrades • Capitalize on surrounding amenities and site attributes • Limited new economic impacts 	<ul style="list-style-type: none"> • Improvements to existing facilities • Potential new facilities • Limited ancillary facilities • Linkages between facilities • Enhanced transportation connections • Limited or Neutral Operating and Financial Impacts
OPTION 3 Full Campus Expansion and New Event Venue	High	<ul style="list-style-type: none"> • Major destination elements • Drive new visitation • Significant private investment • Significant growth in economic impacts 	<ul style="list-style-type: none"> • Higher density pedestrian-oriented development • Hospitality • Retail, dining & entertainment • Transportation hub • Residential • Entertainment anchor(s) • Regional destination • Operating Surplus • Long-term Sustainability

3.0 REAL ESTATE ANALYSIS

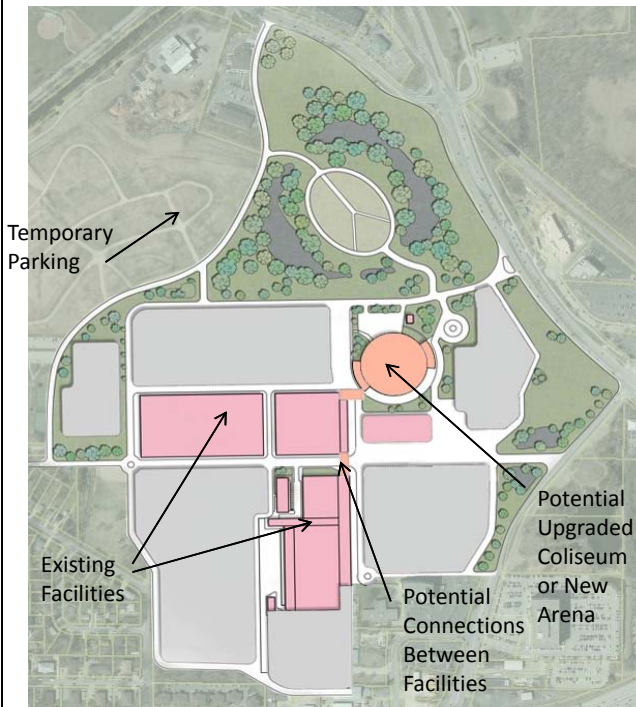
SUMMARY OF OPTIONS

OPTION 1 SUMMARY – MINOR DEFERRED MAINTENANCE & REPAIRS



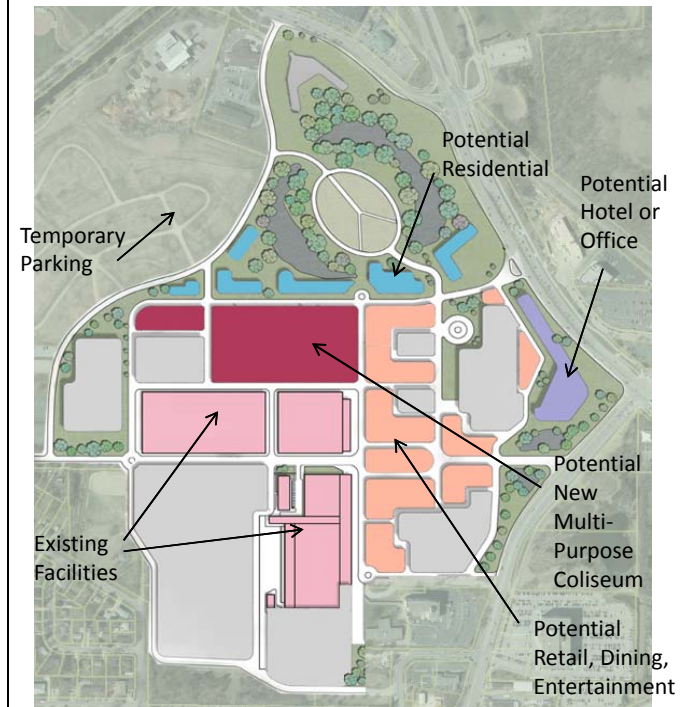
- Deferred maintenance and repairs.
- Potential enhancement of green spaces
- Does not solve competitive disadvantages or recurring operating deficits
- Significant ongoing funding burden for Dane County, which is not sustainable.
- Not a sustainable long-term strategy

OPTION 2 – LIMITED FACILITY UPGRADES OR REPLACEMENTS



- Limited redevelopment
- May include certain facilities improvements with limited pedestrian, transportation, and technology upgrades .
- Would require significant public funding to keep pace with competing facilities
- Unlikely to attract private investment
- Not a sustainable long-term strategy

OPTION 3 – COMPREHENSIVE DESTINATION CAMPUS REDEVELOPMENT



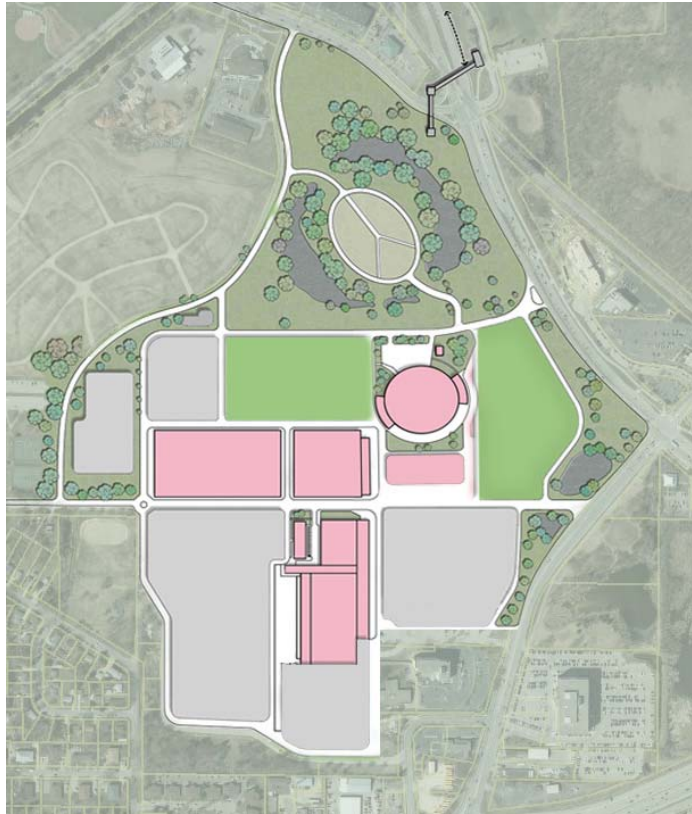
- Higher density, phased redevelopment
- Would require a comprehensive master planning process, with input from community leaders and key stakeholders
- Would facilitate significant private investment
- Significant fiscal and economic impacts
- Long-term, sustainable strategy with operating surplus



3.1 OPTION 1

3.1 REAL ESTATE ANALYSIS

OPTION 1



KEY	
■	Open Space/ Playing Fields /Flex Parking
■	Existing Facilities
■	Surface Parking

OPTION 1 SUMMARY – MINOR DEFERRED MAINTENANCE & REPAIRS

Option 1 contemplates the completion of deferred maintenance and repairs, along with the potential enhancement or addition of green spaces, which could include outdoor fields to support recreation. Due to its limited scope, Option 1 addresses only a few of the competitive and economic challenges facing the AEC and would not provide a long term solution to the competitive disadvantages and recurring operating deficits, which currently impact the AEC campus. Option 1 also would not provide significant economic or fiscal impacts to Dane County, or the surrounding region.





3.1 REAL ESTATE ANALYSIS

OPTION 1

OPTION 1: CONCEPTUAL PROGRAM, INVESTMENT AND ECONOMIC IMPACTS

In summary, Option 1 addresses a very limited number of the competitive and economic challenges facing the AEC and would not provide a long term solution to the competitive disadvantages and recurring operating deficits that impact the AEC campus. No new operating revenues would be expected and there is a high probability of continuing operating deficits in the future.

It is expected that all investment for Option 1 would need to come from public sources and there would little or no opportunities generated for private investment to be stimulated. Continuing operating deficits may require the elimination of jobs due to the financial burden on Dane County. Option 1 would not provide significant economic or fiscal impacts to Dane County or the region. The following table summarizes the expected impacts of Option 1.

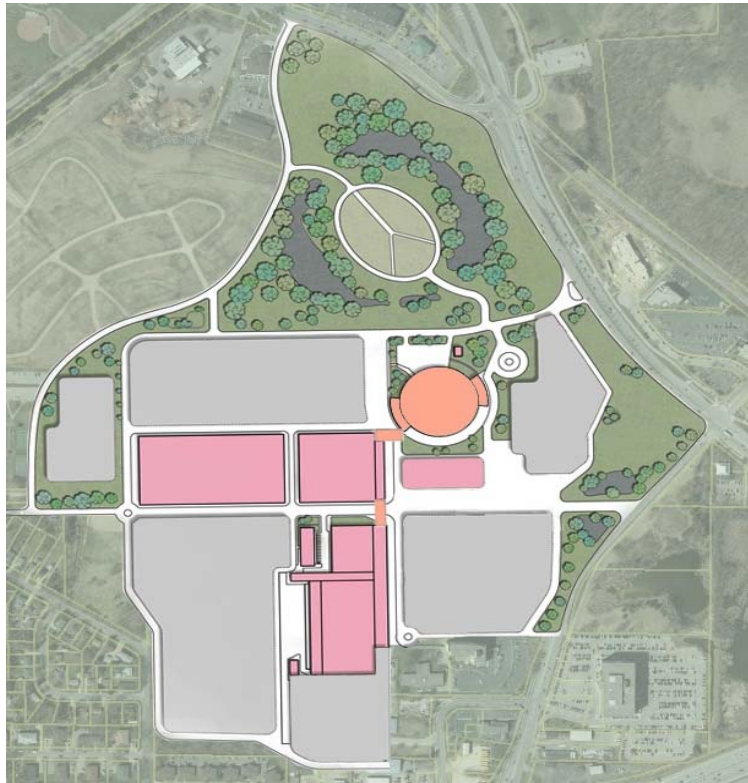
Option #1	Program	Capital Investment	Economic Impacts	Impacts to AEC Operations
Minor Deferred Maintenance & Repair with Short-Term payback	<ul style="list-style-type: none"> • General Repairs & Maintenance • Energy Efficiency • Expo Hall HVAC Zoning • Boilers & Chillers • Fire Alarm System • Expo Hall Roof • ADA Improvements • Replace furniture • Parking Lot Repaving • Landscaping / Greenspace • Signage 	<ul style="list-style-type: none"> • \$0 to \$9 Million of Public Investment • \$0 of Private Investment 	<ul style="list-style-type: none"> • No new fiscal impacts • Operating deficit may require the elimination of jobs. • Financial burden on Dane County 	<ul style="list-style-type: none"> • No new revenue • Somewhat reduces energy consumption (see 2015 RCx Report) • Continuing operating deficits



3.2 OPTION 2

3.2 REAL ESTATE ANALYSIS

OPTION 2

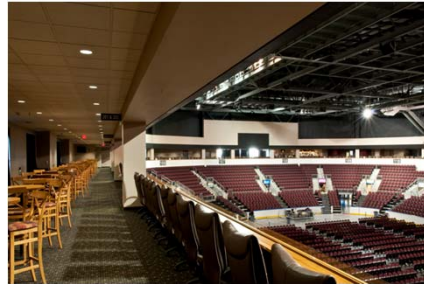


KEY	
	Existing Facilities
	Surface Parking
	Upgraded or New Facilities

OPTION 2 – LIMITED FACILITY UPGRADES OR REPLACEMENTS

Option 2 would provide a limited amount of AEC campus redevelopment, which may include certain facility upgrades or new facilities, pedestrian upgrades, transportation upgrades and technology upgrades.

This option would require significant public funding in order to keep pace with competing facilities and would not attract significant private investment. It does not address long-term operating deficit at the AEC campus.





3.2 REAL ESTATE ANALYSIS

OPTION 2

OPTION 2: CONCEPTUAL PROGRAM, INVESTMENT AND ECONOMIC IMPACTS

In summary, Option 2 addresses only some of the upgrades identified in the SWOT analysis in this report, achieving low to moderate additional event demand and low to moderate new revenue.

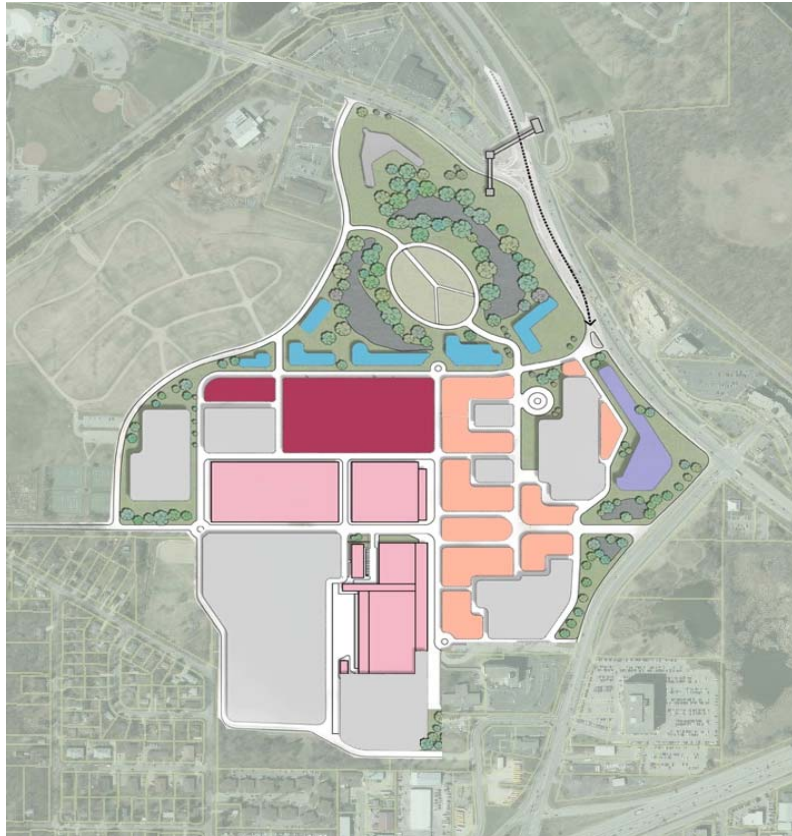
Option #2	Program	Capital Investment	Economic Impacts	Impacts to AEC Operations
OPTION 2 Limited Facility Upgrades or Replacements	<ul style="list-style-type: none"> • Upgrades and repairs needed to remain reasonably competitive in the short term. • Add Industry Standard Amenities. • Coliseum Renovation or Replacement. 	<ul style="list-style-type: none"> • \$60 to 75 Million of Public Investment. • Cost burden for Dane County may affect County services. • Debt Service may be \$4 to \$5 Million per yr. • Very Limited Potential Private Investment (Including Sponsorship Agreements). 	<ul style="list-style-type: none"> • Low to Moderate Additional Event Demand. • Total annual fiscal impacts of approximately \$1 to \$3 Million. 	<ul style="list-style-type: none"> • Low to Moderate new revenue from events. • Potential Operating Cost efficiencies related to certain improvements. • Does not address long-term operating deficit.



3.3 OPTION 3

3.3 REAL ESTATE ANALYSIS

OPTION 3



KEY	
 Existing Facilities	 Facility Expansion, New
 Surface Parking	 Office or Hotel
 Retail	 Residential

OPTION 3 – COMPREHENSIVE CAMPUS REDEVELOPMENT, NEW EVENT VENUE(S) AND DESTINATION - ORIENTED ANCILLARY DEVELOPMENT

Option 3 represents a higher density, phased redevelopment plan intended to create major economic and fiscal impacts. This option is more comprehensive and complex than Option 1 or Option 2, requiring a detailed level of development planning. A plan of this type would involve a comprehensive master planning process, with input from community leaders and key stakeholders. It would also require a detailed development plan including a finance plan, marketing plan and operations plan. Option 3 would envision a “best-in-class” destination development and would accommodate significant private investment. Fiscal and economic impacts to the region would be very significant.





3.3 REAL ESTATE ANALYSIS

OPTION 3: CONCEPTUAL PROGRAM, INVESTMENT AND ECONOMIC IMPACTS

In summary, Option 3 provides for a comprehensive, phased redevelopment of the AEC campus and facilities. Through a Public-Private partnership approach. Capitol investment, positive impacts to AEC of sections and economic / fiscal impacts would be very significant.

Option #3	Program	Capital Investment	Economic Impacts	Impacts to AEC Operations
OPTION 3 Comprehensive Campus Redevelopment, New Event Venue(s) & Destination Development Strategy	<ul style="list-style-type: none"> • New Arena / Multi-purpose Event Center • Site Improvements • Enhanced Destination • Commercial Office • Residential • Hotel • Retail • Dining • Walkable Amenities • Connect to Downtown • 1,000 to 1,100 Car Parking Deck 	<ul style="list-style-type: none"> • \$90 to \$120 Million of Public Investment • \$300 to \$400 Million of Private Investment 	<ul style="list-style-type: none"> • New Jobs • Private Investment • Additional Spending • Total annual fiscal impacts of up to \$30 Million to \$40 Million 	<ul style="list-style-type: none"> • Significant annual operating surplus created • Net of approximately 650 to 800 parking spaces would need to be located for large events such as WDE.



3.4 REAL ESTATE ANALYSIS

SUMMARY OF OPTIONS

PRELIMINARY INVESTMENT AND IMPACT SUMMARY FRAMEWORK

The following table summarizes programmatic options, estimated capital investment and resulting annual economic impacts. Target financial impacts to AEC operations associated with each option are also provided. The values provided for the economic and fiscal impacts are order of magnitude estimates based on certain assumptions for each development program. Market studies for any proposed real estate uses on campus such as retail, office, and residential will be needed to understand the economic potential of further development of the campus beyond the core AEC facilities.

Options	Program	Capital Investment	Economic Impacts	Impacts to AEC Operations
OPTION 1 Minor Deferred Maintenance & Repair with Green Space	<ul style="list-style-type: none"> • General Repairs & Maintenance • Priority Capital Investments 	<ul style="list-style-type: none"> • \$0 to \$15 Million of Public Investment • \$0 of Private Investment 	<ul style="list-style-type: none"> • No new fiscal impacts • Preservation of existing fiscal impacts 	<ul style="list-style-type: none"> • No new revenue • High probability of deficit
OPTION 2 Limited Facility Upgrades or Replacements	<ul style="list-style-type: none"> • Upgrades in line with existing competition • Add Industry Standard Amenities • Coliseum Renovation or Replacement 	<ul style="list-style-type: none"> • \$60 to 75 Million of Public Investment • \$6 to \$12 Million of Private Investment (Including Sponsorship) 	<ul style="list-style-type: none"> • Additional Event Demand • Total annual fiscal impacts of approximately \$1.5 to \$3 Million 	<ul style="list-style-type: none"> • New revenue from events
OPTION 3 Comprehensive Campus Redevelopment, New Event Venue(s) and Destination Development Strategy	<ul style="list-style-type: none"> • New Event Center (200,000 SF) • Commercial Office (800,000 SF) • Residential (400 DU) • Hotel (240 Keys) • Retail (260,000 SF) • Dining (40,000 SF) • Upgrades to Existing Facilities • Walkable Amenities • Connection to Downtown • Site Upgrades 	<ul style="list-style-type: none"> • \$90 to \$120 Million of Public Investment • \$300 to \$400 Million of Private Investment 	<ul style="list-style-type: none"> • New Jobs • Private Investment • Additional Revenue for AEC • Total annual fiscal impacts of up to \$30 to \$40 Million 	<ul style="list-style-type: none"> • Significant annual operating surplus created



3.4 REAL ESTATE ANALYSIS

PRELIMINARY PUBLIC INVESTMENT ANALYSIS

	Conservative (\$MM)	Moderate (\$MM)
POTENTIAL ANNUAL NET INCREMENTAL PUBLIC REVENUES (\$MM)		
County - Fiscal Impacts (1)	\$ 1.5	\$ 1.9
City - Fiscal Impacts (1)	\$ 3.8	\$ 4.7
Ground Lease Revenue (2)	\$ 1.3	\$ 1.5
Naming Rights / Signage (3)	\$ 0.8	\$ 1.0
Additional Parking Revenue (4)	\$ 0.4	\$ 0.5
Incremental Net Income from Operations (5)	\$ 0.9	\$ 1.6
New Event / Ticket Fee (5)	\$ 0.5	\$ 0.8
ANNUAL TOTAL	\$ 9.2	\$ 12.0
PUBLIC INVESTMENT (1)	\$ 117.4	
POTENTIAL RETURN ON INVESTMENT (6)	7.8%	to 10.2%
Assumed Annual Debt Service	\$ 7.5	\$ 7.5
Net Annual Public Benefit	\$ 1.7	to \$ 4.5

ASSUMPTIONS:

- (1) See Preliminary Fiscal Impact Model in this report
- (2) Preliminary Ground Lease Revenue assumption is based on Option 3 of this study and a 1.0 FAR, with a land value at approximately \$15/SF and a 5% annual rent factor (40 to 45 AC of developed area)
- (3) Based on industry comparables
- (4) Assumes a 30% to 40% Increase on Existing Parking Revenues
- (5) Assumes similar Coliseum/Arena attendance projections from the Markin Study (2015) and 1 to 3 incremental major AEC campus-wide events per year with a \$1 event ticket fee.
- (6) Assumes Up-Front Public Capital Investment Phase over 2 years without Debt Financing

Note: New taxes, increased taxes, TIF and other tax-related financing mechanisms are not included in this preliminary analysis. Potential exists for such tax and financing tools to be additive.



3.4 REAL ESTATE ANALYSIS

PRELIMINARY PUBLIC INVESTMENT ANALYSIS

Key issues in determining a preliminary return on the potential public investment:

- An initial Public Investment of approximately \$117.4 Million is assumed for infrastructure upgrades, parking upgrades, existing facility upgrades and a new multi-purpose Arena to replace the Coliseum.
- The Initial public investment is assumed to induce approximately \$300 Million to \$400 Million of additional, phased private development.
- The Retail, Dining and Entertainment and Hotel components serve as an amenity to both the existing Alliant Energy Center facilities during events and on a year-round basis for the mixed-use campus redevelopment.
- Office and Residential Components provide additional economic and fiscal benefits as well as generating activity to support the Retail, Dining and Entertainment and Hotel components on a 365-day basis.



4.0 FINANCE & GOVERNANCE



4.0 FINANCE AND GOVERNANCE

FINANCE AND GOVERNANCE EXAMPLES

In this section we provide several examples of governance structures and discuss how they are organized to finance, oversee, own and operate large projects. The following examples are provided to illustrate a range of options and structures.

Finance and Governance Examples:

- **Development Authority formed by City**
 - Example 1: Allentown Neighborhood Development Authority (ANIZDA) Allentown, Pennsylvania
- **Commission formed by County**
 - Example 2: Dane County Regional Airport Commission and AEC Advisory Commission
Dane County, Wisconsin
- **Development District formed by State**
 - Example 3: Wisconsin Center District
Milwaukee, Wisconsin
- **Development Corporation / Public-Private Partnership**
 - Example 4: Destination Medical Center Corporation (DMCC) & Destination Medical Center Economic Development Agency (EDA) – Rochester, Minnesota



5.0 RECOMMENDATIONS



5.0 RECOMMENDATIONS

Our recommendations focus on opportunities that we believe will keep AEC and the Madison region on a path for long term growth and sustainability.

- Create a Strategic Plan and Vision that receives support from diverse stakeholder groups
- Maximize economic and fiscal impacts
- Create a strong, noticeable initial impact through scale and type of redevelopment
- Understand and respond to market demand
- Plan a destination-based program for implementation
- Create new market opportunities
- Become a leader in the industry - not a follower of past trends
- Provide strategic public investment to attract significant private investment
- Create a Governance Structure to enable private investment



5.0 RECOMMENDATIONS

We have targeted the following levels of capital investment, fiscal impacts and operations impacts based on our experience with similar projects. We have provided targets for public and private capital investment for discussion.

Options	Capital Investment	Fiscal Impacts	AEC Operations Impacts
OPTION 1: Minor Deferred Maintenance & Repairs with Green Space	<ul style="list-style-type: none"> • \$0 to \$15 Million of Public Investment • \$0 of Private Investment 	<ul style="list-style-type: none"> • No new fiscal impacts • Preservation of existing fiscal impacts 	<ul style="list-style-type: none"> • No New Revenue. High Probability of Operating Deficit
OPTION 2: Limited Facility Upgrades or Replacements	<ul style="list-style-type: none"> • \$60 to 75 Million of Public Investment • \$6 to \$12 Million of Private Investment (including sponsorship) 	<ul style="list-style-type: none"> • Additional Event Demand • Total annual fiscal impacts of approximately \$1 to \$3 Million 	<ul style="list-style-type: none"> • New Revenue from Events
OPTION 3: Comprehensive Campus Redevelopment, New Event Venue(s) and Destination Development Strategy	<ul style="list-style-type: none"> • \$90 to \$120 Million of Public Investment • \$300 to \$400 Million of Private Investment 	<ul style="list-style-type: none"> • New Jobs • Private Investment • Additional Spending • Total annual fiscal impacts of up to \$30 to \$40 Million 	<ul style="list-style-type: none"> • Significant Annual operating surplus created



5.0 RECOMMENDATIONS

NEXT STEPS:

Once a strategic direction for the AEC Campus is determined among the three options presented in this phase, then a comprehensive planning effort must be undertaken that will address each of the following:

- Neighborhood Engagement
- Campus Master Plan and Detailed Facility Improvement Program
- Market Demand Analysis for Specific Facility Program Elements
- Finance Plan for Public and Private Investments
- Governance Structure for Financing and Operations
- Measure Economic and Fiscal Impacts of the Master Plan