Current Issues in Sports Law

A seminar brought to you by the National Sports Law Institute's Sports Law Alumni Association and sponsored by the Sports & Entertainment Law Section of the State Bar of Wisconsin

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Purpose of this Report

- To determine whether the creation of Miller Park has had any impact on the adjacent mixed-use development on Miller Park Way in West Milwaukee and the industrial development along Canal Street in the Menomonee Valley
- To comment on what the future may hold for the development of the property leased by the Brewers from the District

Definitions

- Concentric Circles: the phenomenon of planned or happenstance real estate development occurring near or adjacent to constructed or renovated sports facilities

Lo Do
Home of the Colorado Rockies

Cleveland Gateway
Home of the Cleveland Indians and Cleveland Cavaliers

LA Live
Home of the LA Lakers and LA Clippers
Definitions
• **Receptive Communities**: governmental units that have the ability and willingness to utilize financial incentive tools and subsidies to promote real estate and economic development as part of a sports facility

• **Sports Community** (Sports.comm): 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

Patriot Place
Home of the New England Patriots

Nationwide Arena
Home of the Columbus Blue Jackets

Definitions
• **Staged Sports Community** (Staged Sports.comm): the phenomenon of sports owners and/or governmental units acquiring, leasing, or developing land that is already owned adjacent to or surrounding stadiums subsequent to stadium construction resulting in the creation of a sports community

• **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
Important Dates

- Southeast Wisconsin Professional Baseball Park District
  - Created in 1995
- 5-County 0.1% Sales Tax
  - Passed by Wisconsin legislature: 1995
  - State began levying the tax: January 1, 1996
- Miller Park’s Construction
  - Commenced: October 22, 1996
  - First MLB-sanctioned Game: April 6, 2001

The Importance of Miller Park’s Location

Sports facility development IS real estate development

- The creation of stadiums in Baltimore, Denver, and Cleveland during the early and mid-1990s led to the phenomenon of concentric circles
- Concentric circles have continued to occur with the construction of other MLB stadiums since then

Sports Facility Development

- Baseball stadiums attract people
  - 73,425,557 fans attended MLB games in 2011
  - 3,071,373 fans attended Brewers games in 2011
- Baseball stadiums should be an anchor tenant for development districts
- Sports districts, and their benefits, should help ameliorate the controversy with taxpayer-supported sports facilities
- Blighted, environmentally impacted, and underutilized areas will benefit and profit most
Sports Facility Development

- Redevelopment can occur in a core, downtown area, or outside that area
- Must have a receptive community that opens its development toolbox
- Based on Miller Park’s location, development can be measured only to the south (West Milwaukee), to the east (Menomonee Valley), and on the property leased by the District to the Brewers
  - This development is an example of concentric circles

The Village of West Milwaukee

<table>
<thead>
<tr>
<th>Owner</th>
<th>Tenant</th>
<th>2011 Real Estate Taxes ($)</th>
<th>2011 Assessed Value ($)</th>
<th>Date Property Improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHOP</td>
<td>IHOP</td>
<td>40,687.82</td>
<td>1,351,600</td>
<td>2001/2002</td>
</tr>
<tr>
<td>McDonald’s Corp.</td>
<td>McDonald’s</td>
<td>26,752.94</td>
<td>888,700</td>
<td>2001/2002</td>
</tr>
<tr>
<td>Ogden/Multi-tenant building</td>
<td>Starbucks</td>
<td>48,915.09</td>
<td>1,624,900</td>
<td>Original: 2004</td>
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<tr>
<td>Hilti, Inc.</td>
<td>Sprin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Martha’s Vineyard</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Smoker’s Hub</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cousins Subs</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Ogden Dev. Group, Inc.</td>
<td>Panda Express</td>
<td>20,023.40</td>
<td>698,100</td>
<td>2002</td>
</tr>
<tr>
<td>MEI Holdings</td>
<td></td>
<td>298.02</td>
<td>9,900</td>
<td></td>
</tr>
<tr>
<td>MEI Holdings</td>
<td>Motion Industries</td>
<td>17,384.76</td>
<td>577,500</td>
<td>Original: 1955</td>
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<tr>
<td>MEI Holdings</td>
<td></td>
<td>1,959.75</td>
<td>65,100</td>
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</table>

Valuation since the Opening of Miller Park

<table>
<thead>
<tr>
<th>TID</th>
<th>Base Value ($)</th>
<th>Total Value 2011 ($)</th>
<th>Change in Valuation ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>15,737,000</td>
<td>36,866,900</td>
<td>21,129,900</td>
</tr>
<tr>
<td>3</td>
<td>167,200</td>
<td>2,080,800</td>
<td>1,913,600</td>
</tr>
<tr>
<td>4</td>
<td>11,116,100</td>
<td>21,916,500</td>
<td>10,800,400</td>
</tr>
</tbody>
</table>

Multi-Tenant Building -- 1110 Miller Park Way
Panda Express -- 1210 Miller Park Way
Westgrand Apartments -- 1900-2027 Miller Park Way
Multi-Tenant Building -- 2145-2159 Miller Park Way

Target -- 1501 Miller Park Way

Multi-Tenant Building -- 1621-1633 Miller Park Way

Chili’s -- 1601 Miller Park Way

The Menomonee Valley

Badger Railing -- 13880 W. Milwaukee Rd.

Caleffi -- 3883 W. Milwaukee Rd.

Derse Wire -- 3800 W. Canal St.

Palermo Villa, Inc. -- 3301 W. Canal St.

Charter Wire -- 3754 W. Milwaukee Rd.

Ingeteam -- 3757 W. Milwaukee Road
Recent Developments in the Menomonee Valley

<table>
<thead>
<tr>
<th>Tenant</th>
<th>2011 Real Estate Taxes ($)</th>
<th>2011 Assessed Value ($)</th>
<th>Date Property Improved ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Badger Railing</td>
<td>47,264.10</td>
<td>1,662,100</td>
<td>2007</td>
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<tr>
<td>Caleffi</td>
<td>72,711.89</td>
<td>2,600,000</td>
<td>2007</td>
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<tr>
<td>Taylor Dynamometer</td>
<td>93,301.85</td>
<td>3,364,400</td>
<td>2008</td>
</tr>
<tr>
<td>Palermo Villa, Inc.</td>
<td>394,142.33</td>
<td>14,564,100</td>
<td>2006</td>
</tr>
<tr>
<td>Deese Wire</td>
<td>230,579.21</td>
<td>3,375,400</td>
<td>2009</td>
</tr>
<tr>
<td>Charter Wire</td>
<td>249,201.06</td>
<td>9,239,900</td>
<td>2009</td>
</tr>
<tr>
<td>Ingram</td>
<td>51,084.21</td>
<td>1,800,000</td>
<td>2011</td>
</tr>
<tr>
<td>Harley Davidson</td>
<td>312,965.57</td>
<td>12,368,000</td>
<td>2008</td>
</tr>
<tr>
<td>Falk/Recxord</td>
<td>272,686.71</td>
<td>100,339,000</td>
<td>2006</td>
</tr>
<tr>
<td>Zimmerman Architectural Studios, Inc.</td>
<td>124,786.66</td>
<td>45,000,000</td>
<td>2010</td>
</tr>
</tbody>
</table>

The Milwaukee Brewers

The Recession

The Recession has had a chilling effect on real estate development, including real estate development auxiliary to sports facility development.

The Milwaukee Brewers

Miller Park Improvement Projects

<table>
<thead>
<tr>
<th>Year</th>
<th>Project Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>Homeplate Fan Zone, .300 Club Renovation, Children’s Play Area, Friday’s Front Row Patio Expansion, Gehr Club Renovation, Homeplate Weight Room and Swimex</td>
</tr>
<tr>
<td>2009</td>
<td>Wild Card Themed Party Suite, Club Level Suite Renovations, Hot Corner Fan Zone Renovations, Harley Deck</td>
</tr>
<tr>
<td>2010</td>
<td>Baseball Operations Offices &amp; War Room, Plaza Pavilion, Terrace Level Fan Zone, Braves Wall of Honor, Batters Eye, Brewers Home Clubhouse, Commissioner Selig Statue, Parking Lot Signage, Player Parking Lot Fencing, Left Field Wall Padding, Children’s Play Area Renovations, Flat Panel TVs for Press Box/Media Relations, Terrace Level Bar</td>
</tr>
<tr>
<td>2011</td>
<td>New Scoreboard, Founder’s Suite Renovations, Media Interview Room Renovations, Field Level Interior Ticket Window</td>
</tr>
<tr>
<td>2012</td>
<td>Gehr Club Renovations, Press Box Renovations, Bernie’s Chalet Addition, Club Level Retail Store Expansion</td>
</tr>
</tbody>
</table>

The Recession

The Recession has had a chilling effect on real estate development, including real estate development auxiliary to sports facility development.

Glendale, Arizona
Final Thoughts

• Before Miller Park, the land on Miller Park Way and in the Menomonee Valley was contaminated, environmentally tainted, an eyesore, or legally blighted
• Miller Park created a new identification and focal point for the area
• The surrounding areas were directly impacted and benefited from the government investment
  — New infrastructure, transportation, access, aesthetics
  — Rebirth of a business and industrial corridor
• Intergovernmental cooperation can help drive real estate and economic development
• Miller Park has experienced concentric circles in a non-downtown area by rejuvenating blighted areas

Conclusion

• The numbers speak for themselves
• Compare the baseline statistics pre-construction of Miller Park to the 2011 statistics relative to assessed valuation and real estate taxes
• Make your own conclusions

Thank you!

Questions?