BRADLEY CENTER®
SPORTS AND ENTERTAINMENT CORPORATION

December 31, 1998

Ms. Therese Pelletteri
Legislative Reference Bureau
P. O. Box 2037
Madison, WI 53701

Dear Ms. Pelletteri:

It is my understanding that Sharon Cook, our legislative lobbyist, dropped off a copy of the Bradley Center 's audited financial statements for the fiscal year 1997-98 when she was in Madison on Tuesday, December 29, 1998.

Please note that these documents are both highly abstract and complex, and in addition, do not provide anyone close to a full picture of the fiscal operations and economic impact of the Bradley Center.

We would, therefore, respectfully request that any individual requesting a copy of these financial statements also be provided with a copy of this correspondence whereby we extend an offer to meet with interested parties, where appropriate, to help such parties properly and fully interpret the information contained in the financial statements and to place that information in the context of the overall operation of the Bradley Center.

Sincerely,

David L. Skiles
President and General Manager

DLS:ms

cc: Charles Henderson
Sharon Cook

1001 N. Fourth Street
Milwaukee, WI 53203
414/227-0497 FAX
414/227-0400

BRADLEY CENTER®
SPORTS AND ENTERTAINMENT CORPORATION

December 28, 1998

The Honorable Tommy G. Thompson
Governor of Wisconsin
P.O. Box 7863
Madison, WI 53707

Dear Governor Thompson:

I am pleased to enclose the audited financial statements for the Bradley Center Sports and Entertainment Corporation, fiscal year 1997-98. You will notice the Center's tenth year of operation continued the extraordinary success that has been a hallmark of this facility since it opened in October of 1988. In reviewing the financial statements, it may be helpful if I provide here certain points of context that may not be reflected in the numbers alone:

Support of Wisconsin Sports Teams

The Center is home of an unprecedented five teams—twice the norm for most major arenas. These are the Milwaukee Admirals, Bucks, Mustangs, Wave and the Marquette University Golden Eagles. In addition, a strong relationship with the University of Wisconsin-Madison has resulted in another year where great college hockey was showcased in Milwaukee. We are particularly pleased that our indoor soccer team, the Wave, won the 1998 National Professional Soccer League Championship, becoming the first of our teams to garner a national championship.

In this respect, we believe the Center is clearly fulfilling the desires of Jane and Lloyd Pettit, who gave this extraordinary gift to the people of Wisconsin in support of Wisconsin sports.

Economic Impact

Once again, almost 200 public events took place at the Bradley Center. The combined impact of this programming was an influx of almost 2 million patrons into downtown Milwaukee last fiscal year with economic ramifications that are substantial.

After showcasing 140 games hosted by six different teams, the Bradley Center programmed an additional 58 events ranging from the very best in family entertainment (a nationally telecast figure skating competition sponsored by Northwestern Mutual Life, Disney On Ice, etc.) to three major concerts in as many weeks last April featuring Eric Clapton, Yanni and Elton John, all sandwiched between playoffs and regular season games for four teams.

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The influx of patrons attending these events through the prime operating season, October 1 – April 30, has helped fuel the continued revitalization of downtown Milwaukee and encouraged development that supports our new Midwest Express convention center as well. The development of retail business around the Center has also continued to generate additional jobs, as well as income and sales tax revenues to the State. The Center itself provides 81 full-time positions and seasonal employment equivalent to 189 additional full-time positions.

Using a conservative, service sector econometric multiplier, the economic impact of Bradley Center operations was once again almost $90 million in 1997-98.

Community Service

The Center's policy of allowing non-profit groups to operate its concessions on a shared-revenue basis has now, after ten years of operation, generated over $4.2 million for those groups to reinvest in our community. Almost fifty organizations participated in this program in the 1997-98 fiscal year.

The Center remains committed to community service in other ways, as well, making its facilities available for fund-raising events conducted by local organizations including Midwest Athletes Against Childhood Cancer. The Center is also a major sponsor of the Milwaukee Urban League's annual Black and White Ball, which last fiscal year raised over $200,000 to help finance the Milwaukee Urban League's good works.

David Skiles, our president and CEO, and I would appreciate the opportunity to brief you on the enclosed financial statements and the operation of the Bradley Center. We would also like to reiterate our offer to provide a "behind-the-scenes" tour for you, your staff or family members interested in the workings of a unique and very special Wisconsin asset. We wish you the very best in 1999.

Sincerely,

Jim Forbes

James L. Forbes
Chairman of the Board

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of the
Bradley Center Sports and Entertainment Corporation:

We have audited the accompanying statements of financial position of the Bradley Center Sports and Entertainment Corporation (a Wisconsin not-for-profit corporation) as of June 30, 1998 and 1997, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bradley Center Sports and Entertainment Corporation as of June 30, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Arthur Andersen LLP
ARTHUR ANDERSEN LLP

Milwaukee, Wisconsin,
September 22, 1998.

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 1998 AND 1997

	1998			1997		
ASSETS	Current Operations	Plant	Total	Current Operations	Plant	Total
CURRENT ASSETS:						
Cash and cash equivalents	$3,620,546	$ -	$3,620,546	$2,045,240	$ -	$2,045,240
Cash deposits held for others	547,106	-	547,106	163,104	-	163,104
Total cash and cash equivalents	4,167,652	-	4,167,652	2,208,344	-	2,208,344
Accounts and interest receivable	394,086	-	394,086	359,488	-	359,488
Prepaid expenses and other assets	102,958	-	102,958	112,196	-	112,196
Inventories	196,635	-	196,635	195,980	-	195,980
Total current assets	4,861,331	-	4,861,331	2,876,008	-	2,876,008
PROPERTY AND EQUIPMENT, at cost:						
Land	-	5,805,346	5,805,346	-	5,805,346	5,805,346
Buildings and improvements	-	68,920,372	68,920,372	-	68,878,790	68,878,790
Machinery and equipment	-	20,511,562	20,511,562	-	19,939,297	19,939,297
Construction in progress	-	65,829	65,829	-	148,733	148,733
	-	95,303,109	95,303,109	-	94,772,166	94,772,166
Less- Accumulated depreciation	-	(38,521,465)	(38,521,465)	-	(34,137,053)	(34,137,053)
Property and equipment, net	-	56,781,644	56,781,644	-	60,635,113	60,635,113
ASSETS DESIGNATED FOR FUTURE PROPERTY AND EQUIPMENT REPLACEMENTS	-	8,775,610	8,775,610	-	7,969,179	7,969,179
Total assets	$4,861,331	$65,557,254	$70,418,585	$2,876,008	$68,604,292	$71,480,300
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts and deposits payable	$1,048,075	$ -	$1,048,075	$396,633	$ -	$396,633
Other accrued liabilities	717,143	-	717,143	690,480	-	690,480
Deferred suite, signage and other revenues	253,322	-	253,322	387,210	-	387,210
Current maturities of long-term debt	193,133	-	193,133	146,960	-	146,960
Total current liabilities	2,211,673	-	2,211,673	1,621,283	-	1,621,283
LONG-TERM DEBT	2,565,335	-	2,565,335	2,772,867	-	2,772,867
Total liabilities	4,777,008	-	4,777,008	4,394,150	-	4,394,150
NET ASSETS:						
Unrestricted-						
Undesignated	84,323	56,781,644	56,865,967	(1,518,142)	60,635,113	59,116,971
Designated plant	-	8,775,610	8,775,610	-	7,969,179	7,969,179
Total net assets	84,323	65,557,254	65,641,577	(1,518,142)	68,604,292	67,086,150
Total liabilities and net assets	$4,861,331	$65,557,254	$70,418,585	$2,876,008	$68,604,292	$71,480,300

The accompanying notes to financial statements are an integral part of these statements.

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	1998			1997		
	Current Operations	Plant	Total	Current Operations	Plant	Total
OPERATING:						
Changes in unrestricted net assets-						
Revenues, gains and other-						
Gross products and services	$13,492,633	$ -	$13,492,633	$13,649,789	$ -	$13,649,789
Tenant shared revenue	(2,438,065)	-	(2,438,065)	(2,367,545)	-	(2,367,545)
Net products and services	11,054,568	-	11,054,568	11,282,244	-	11,282,244
Tenant leases	2,262,033	-	2,262,033	2,599,583	-	2,599,583
Advertising	1,144,699	-	1,144,699	1,126,122	-	1,126,122
Parking	891,149	-	891,149	869,410	-	869,410
Income on investments	266,474	-	266,474	320,442	-	320,442
Other	1,220,739	-	1,220,739	1,258,329	-	1,258,329
Total revenues, gains and other	16,839,662	-	16,839,662	17,456,130	-	17,456,130
Expenses-						
Salaries, wages and benefits	5,962,179	-	5,962,179	6,087,069	-	6,087,069
Direct product costs	5,116,050	-	5,116,050	5,375,518	-	5,375,518
Depreciation	4,579,493	-	4,579,493	4,523,706	-	4,523,706
Contracted services, maintenance and supplies	1,481,421	-	1,481,421	1,372,279	-	1,372,279
Professional fees and other administrative	841,286	-	841,286	1,086,797	-	1,086,797
Utilities, insurance and property taxes	876,773	-	876,773	897,338	-	897,338
Interest	229,661	-	229,661	354,048	-	354,048
Total expenses	19,086,863	-	19,086,863	19,696,755	-	19,696,755
Decrease in unrestricted net assets	(2,247,201)	-	(2,247,201)	(2,240,625)	-	(2,240,625)
Change in net assets from operations	(2,247,201)	-	(2,247,201)	(2,240,625)	-	(2,240,625)
NONOPERATING:						
Income on assets designated for future property and equipment replacements-						
Interest and dividend income	-	429,722	429,722	-	405,684	405,684
Realized gains and losses	-	178,568	178,568	-	-	-
Net appreciation in investments	-	214,304	214,304	-	-	-
Total investment income	-	822,594	822,594	-	405,684	405,684
Trustee fees	-	(19,966)	(19,966)	-	(23,404)	(23,404
Transfer of depreciation expense	4,579,493	(4,579,493)	-	4,523,706	(4,523,706)	-
Transfer of net additions of property and equipment	(733,500)	733,500	-	(667,781)	667,781	-
Other transfers, net	3,673	(3,673)	-	4,181	(4,181)	-
Change in nonoperating net assets	3,849,666	(3,047,038)	802,628	3,860,106	(3,477,826)	382,280
Total change in net assets	1,602,465	(3,047,038)	(1,444,573)	1,619,481	(3,477,826)	(1,858,345
Net assets at beginning of year	(1,518,142)	68,604,292	67,086,150	(3,137,623)	72,082,118	68,944,495
Net assets at end of year	$84,323	$65,557,254	$65,641,577	$(1,518,142)	$68,604,292	$67,086,150

The accompanying notes to financial statements are an integral part of these statements.

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	1998			1997		
	Current Operations	Plant	Total	Current Operations	Plant	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Change in net assets	$1,602,465	$(3,047,038)	$(1,444,573)	$1,619,481	$(3,477,826)	$(1,858,345)
Adjustments to reconcile change in net assets to net cash from operating activities-						
Depreciation	-	4,579,493	4,579,493	-	4,523,706	4,523,706
Loss (gain) on sale of property and equipment	-	4,973	4,973	-	(2,736)	(2,736)
Decrease (increase) in accounts and interest receivable	(34,598)	-	(34,598)	33,917	-	33,917
Decrease in prepaid expenses and other current assets	9,238	-	9,238	31,630	-	31,630
Increase in inventories	(655)	-	(655)	(37,294)	-	(37,294)
Increase (decrease) in accounts and deposits payable	651,442	-	651,442	(2,373,903)	-	(2,373,903)
Increase in other accrued liabilities	26,663	-	26,663	55,614	-	55,614
(Decrease) increase in deferred suite, signage and other revenues	(133,888)	-	(133,888)	110,348	-	110,348
Net cash provided by (used in) operating activities	2,120,667	1,537,428	3,658,095	(560,207)	1,043,144	482,937
CASH FLOWS FROM INVESTING ACTIVITIES:						
Additions to property and equipment	-	(733,500)	(733,500)	-	(667,781)	(667,781)
Sale of property and equipment	-	2,503	2,503	-	2,736	2,736
Increase in assets designated for future property and equipment replacements	-	(806,431)	(806,431)	-	(378,099)	(378,099)
Net cash used in investing activities	-	(1,537,428)	(1,537,428)	-	(1,043,144)	(1,043,144)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Payments on long-term debt	(161,359)	-	(161,359)	(1,553,859)	-	(1,553,859)
Net cash used in financing activities	(161,359)	-	(161,359)	(1,553,859)	-	(1,553,859)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,959,308	-	1,959,308	(2,114,066)	-	(2,114,066)
CASH AND CASH EQUIVALENTS, at beginning of year	2,208,344	-	2,208,344	4,322,410	-	4,322,410
CASH AND CASH EQUIVALENTS, at end of year	$4,167,652	$ -	$4,167,652	$2,208,344	$ -	$2,208,344
SUPPLEMENTAL DATA:						
Cash paid for interest	$229,661	$ -	$229,661	$354,048	$ -	$354,048

The accompanying notes to financial statements are an integral part of these statements.

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

(1) Nature of the Corporation-

Bradley Center Corporation ("BCC") was incorporated on March 13, 1985, as a Wisconsin nonstock, not-for-profit corporation. BCC had been formed for the purpose of constructing and operating the Bradley Center (the "Center"), a recreational and sports facility in Milwaukee, Wisconsin. The Center was opened and began operations October 1, 1988. All funding of the construction costs of the Center, a memorial to the late Harry L. Bradley, was provided by Mr. and Mrs. Lloyd H. Pettit.

The BCC had received a determination letter from the Internal Revenue Service ("IRS") which exempted BCC from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. BCC was also exempt from state income taxes.

In conjunction with obtaining its tax-exempt status, BCC represented that it would use its best efforts to transfer ownership of the Center to the State of Wisconsin (the "State"), or a political subdivision or instrumentality of the State. The transfer of ownership of the Center to the Bradley Center Sports and Entertainment Corporation (the "Corporation"), an entity established via State legislation, occurred effective June 30, 1993. BCC received a ruling from the IRS that the transfer of ownership will not adversely impact its tax-exempt status. The Corporation is exempt from taxes as an instrumentality of the State.

(2) Significant Accounting Policies-

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

(a) Basis of accounting-

The financial statements of the Corporation have been prepared on the accrual basis of accounting.

(b) Basis of presentation-

The Corporation prepares the financial statements in accordance with Statement of Financial Accounting Standards ("SFAS") No. 117, "Financial Statements of Not-for-Profit Organizations." Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted net assets-

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets-

Net assets subject to donor-imposed stipulations that will be met by actions of the Corporation and/or the passage of time. As of June 30, 1998 and 1997, the Corporation had no temporarily restricted net assets.

Permanently restricted net assets-

Net assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Corporations actions. As of June 30, 1998 and 1997, the Corporation had no permanently restricted net assets.

(c) Fund accounting and designated net assets-

The Corporation utilizes fund accounting for internal recordkeeping purposes. The assets, liabilities, and net assets of the Corporation are reported in two separate funds, as follows:

- Current Operations accounts for the day-to-day operations of the Center. Depreciation expense is initially charged to this fund and then transferred annually to the plant fund.

- Plant is used to account for the acquisition and disposal of property and equipment and to allocate the cost of fixed assets acquired over their estimated useful lives. The assets and liabilities resulting therefrom are recorded in this fund. Property and equipment acquisitions are initially financed by the current operations fund and then transferred annually to the plant fund.

Since the Corporation has the statutory responsibility to adequately provide for the long-term maintenance of the Center for the benefit of the citizens of the State, the Board of Directors has designated certain unrestricted net assets for the purpose of funding property and equipment replacements. As of June 30, 1998 and 1997, the specific assets designated for future property and equipment replacements, consisting primarily of cash, cash equivalents and investments, have been classified as a noncurrent asset in the accompanying Statements of Financial Position.

(d) Inventories-

Inventories are stated at the lower of cost or market, with cost being determined using the first-in, first-out method.

(e) Property and equipment-

Property and equipment are stated at cost. The Corporation provides for depreciation by use of the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings and improvements	15-40 years
Machinery and equipment	5-15 years

Certain costs directly attributable to the development and construction of the Center have been capitalized. These include architectural and engineering fees as well as certain interest, construction administration and overhead costs. Land contributed by the City of Milwaukee (the "City") is recorded at the City's cost.

(f) Advertising costs-

The Corporation expenses advertising costs as they are incurred. Total advertising expense was $74,966 and $83,699 for fiscal years 1998 and 1997, respectively.

(g) Use of estimates-

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(h) Statements of cash flows-

Cash equivalents are defined, at time of purchase, as short-term investments with maturities generally of three months or less.

(i) Derivative financial instruments-

The Corporation was party to no derivative financial instrument contracts in fiscal years 1998 or 1997.

(3) Investments-

The Corporation carries investments at fair value as determined by quoted market prices.

All investments are designated for future property and equipment replacements as reflected in the accompanying Statements of Financial Position. The fair value of investments by type as of June 30 are as follows:

	1998	1997
Certificate of Deposit	$100,000	$100,000
Money Market Fund	100,279	64,022
U.S. Treasury Bills	61,417	-
U.S. Treasury Notes	2,092,752	6,484,250
Corporate Bonds (non-government)	3,302,816	-
Federal Agencies, State and Municipal Securities	1,602,744	-
Equity Mutual Funds	1,443,615	1,200,000
	8,703,623	7,848,272
Accrued income on investments	73,742	124,639
Accrued trustee fees	(1,755)	(3,732)
Fair value of investments	$8,775,610	$7,969,179

Investment income for fiscal year 1998 consists of interest, dividends, realized gains and unrealized gains. Investment income in fiscal year 1997 consists entirely of interest income.

(4) Long-Term Debt-

Long-term debt as of June 30 consists of the following:

	1998	1997
Promissory note to bank, unsecured, payable in monthly installments of $32,800, including interest at 7.95%, balance due July 1, 1998	$2,758,468	$2,919,827
Less- Current maturities	(193,133)	(146,960)
Long-term debt	$2,565,335	$2,772,867

In July 1998, the Corporation refinanced its promissory note to bank. The maturity date was extended to July 1, 2001, and the interest rate was decreased to 7.40%. Accordingly, the borrowings have been classified as long-term debt as of June 30, 1998.

Future principal payments required on long-term debt are as follows:

Year Ending June 30,	Amount
1999	$193,133
2000	207,616
2001	204,732
2002	2,152,987
	$2,758,468

(5) Cash Deposits Held for Others-

The Corporation maintains separate cash accounts, under various operating agreements, for cash collections related to ticket sales through the Center box office. The cash collected for these ticket sales is to be remitted to the respective promoter or tenant at the settlement of the event. As of June 30, 1998 and 1997, the Corporation had $547,106 and $163,104, respectively, in cash that was held in a fiduciary capacity under the terms of the agreements. These amounts are shown as a corresponding current liability included in accounts and deposits payable in the accompanying Statements of Financial Position.

(6) Tenant Lease Agreements-

The Corporation has entered into lease agreements with the Milwaukee Bucks, Inc. (the "Bucks"), P.B.C. Productions, Inc. (the "Admirals"), Wisconsin Pro Soccer, LLC (the "Wave"), Milwaukee Mustangs Arena Football, Inc. (the "Mustangs") and Marquette University ("Marquette") for use of the Center. The expiration dates of these agreements are September 30, 1998, August 31, 1998, May 31, 1998, September 30, 1998 and March 16, 1998, respectively.

The Bucks receive a share of concessions, suites, catering, merchandise and program revenues which is reflected as tenant shared revenue in the accompanying Statements of Activities.

Subsequent to fiscal year 1998, the Corporation and the Bucks entered into an amendment of their lease which allocates $625,000 of signage revenue for the 1997-98 season to the Bucks. This amount will be paid and recorded in fiscal year 1999.

(7) Advertising Agreements-

The Corporation has entered into advertising agreements for exclusive rights to advertise on the grounds and within the Center. The agreements with Ameritech Corporation, Midwest Express Airlines, Inc. and the Coca-Cola Company expire on September 30, 1998. The agreements with The Milwaukee Journal/Sentinel, Inc. and Marshall & Ilsley Bank both expire on November 30, 1998. Of the amounts received under the agreements, $160,907 and $151,108 are reflected as deferred signage revenue in the accompanying Statements of Financial Position as of June 30, 1998 and 1997, respectively.

(8) Suite License Fees-

The Corporation has entered into various license agreements ranging from three to five years for the use of the box suites at the Center. Minimum gross rental fees to be received during the remaining years of the agreements are as follows:

Year Ending June 30,	Amount
1999	$3,791,251
2000	3,104,859
2001	2,232,922
2002	1,228,994
2003	870,000
	$11,228,026

Deferred suite revenue of $83,768 and $235,259 under these agreements is reflected in the accompanying Statements of Financial Position as of June 30, 1998 and 1997, respectively.

(9) Employee Benefit Plan-

On December 21, 1993, the Corporation's Board of Directors approved the BCSEC Defined Contribution Retirement Plan (the "Plan") which became effective for the plan year commencing January 1, 1993. The Plan is a qualified non-contributory profit sharing plan which allows for annual contributions to be made at the discretion of the Board. Contributions are allocated to eligible employees based on employee compensation and vest over time, as defined by the Plan. During fiscal years 1998 and 1997, contributions of approximately $150,000 and $152,000, respectively, were made and expensed.

(10) Related Party Transactions-

A member of the Corporation's Board of Directors and an officer of the Corporation are members of a law firm which provides legal and administrative services to the Corporation. The cost of services provided by the law firm to the Corporation was $72,521 and $141,258 for fiscal years 1998 and 1997, respectively.

(11) Contingencies-

The Corporation is involved in contract and other disputes in the ordinary course of business. While the results of these matters cannot be predicted with any certainty, based upon the information presently available, management is of the opinion that the final outcome of such proceedings should not have a material adverse effect upon the financial statements of the Corporation.