



Office of the Comptroller

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Mr. Daniel J. Steininger, President
Board of Harbor Commissioners
1100 W. Wells Street
Milwaukee, WI 53233

Dear Mr. Steininger:

Under the Board of Harbor Commissioner's agreement with Pier Wisconsin, the tenant must submit satisfactory evidence to the Board and the City's Comptroller that it will have sufficient funds to cover the cost of constructing the Improvement and all related Project site costs and that such funds are available in a timely fashion in order to meet construction funding requirements.

Toward that end, on February 26th I met with Messrs. Kevin Lindsay of The Cudahy Foundation and Bruce Keyes of Foley and Lardner, both representing Pier Wisconsin in this matter. At that meeting, I was provided a construction budget for the Great Lakes Aquatarium/Discovery World. This budget was prepared by Grunau Project Development-Gilbane, presumably based on an already completed design for the facility. The budget includes construction of a new Discovery World Museum and Great Lakes Aquatarium, an underground parking structure accommodating 189 vehicles, an amphitheater, various site improvements and landscaping. According to the above budget, the estimated construction cost of the improvements would total \$30,459,675. We did not perform any independent examination of this budget.

These representatives also shared confidential letters of commitment from known donors totaling \$17,775,000. In some instances the commitments were structured over a period of time, with usual and customary qualifications regarding project progress. I was informed that other verbal donor commitments and estimated proceeds from the sale of the current Discovery World property would increase total available funding to an estimated \$31,775,000.

Normally, to opine on the above points would require a more detailed examination of both the construction plans and budgets as well as the financing plan for both construction and "take out" financing of the facility. However, the Pier Wisconsin representatives indicated that their planned construction schedule required near term action by all parties involved, leaving only a few days for our review. Given the task at hand, this time is insufficient to conduct such a review or directly opine on the above items.

In the interest of disclosing what we have learned through this meeting, I can assert the following:

- 1) There exists a detailed construction budget prepared by an established development company-construction contractor, describing the line item costs individually for a) the Discovery World building; b) the Great Lakes Aquatarium and c) related site work and off-site improvements. This budget totals \$30,459,675.
- 2) There exist written donor commitment letters from known community and other sources. The total commitment contained in these donor letters is \$17,775,000. The timing of these commitments was generally under two years, with none exceeding five years.
- 3) We were informed of other verbal donor commitments totaling an additional \$8,000,000.
- 4) We were informed of the potential proceeds from the sale of the current Discovery World space totaling \$6,000,000. We did not independently verify this amount for reasonableness.
- 5) The total of the above sources is \$31,775,000.

No specific construction or long term financing plan was proposed at our meeting. However, as a significant portion of the pledges are received, remaining verbal pledges are documented by the donors as to amount and timing, and a buyer is found for the Discovery World space, a number of options should be available to finance any construction costs exceeding donations in hand.

Should you have any questions regarding this letter, please contact me at your convenience.

Sincerely,



W. Martin Morics
Comptroller

Cc. Mr. Bruce A. Keyes
Mr. Kevin Lindsey
Mr. Patrick B. McDonnell

Mjd/3-02-04