

ADOPTED 2009 BUDGET

DEPT: MILWAUKEE PUBLIC MUSEUM

UNIT NO. 9700
FUND: General - 0001

OPERATING AUTHORITY & PURPOSE

Pursuant to Wisconsin Statute 59.56(2), Milwaukee County may acquire, own, operate and maintain a public museum in the County and appropriate money for such purposes. As a museum of human and natural history, it provides a dynamic and stimulating environment for learning. The Museum

interprets the world's cultural and natural heritage through collections, research, education and exhibits. It holds its collections as a public trust and is dedicated to their preservation for the enrichment of present and future generations.

BUDGET SUMMARY			
	2007 Actual	2008 Budget	2009 Budget
Property Tax Levy Contribution to Milwaukee Public Museum	\$ 3,327,257	\$ 3,502,376	\$ 3,502,376

MISSION

The Milwaukee Public Museum (MPM) is an educational and research institution that focuses on the natural sciences, anthropology and history. Beginning in 2007, MPM opened a planetarium and included astronomy in its program offering.

MPM preserves and cares for its collections in the public trust. Through its research and collections, the Museum seeks knowledge and understanding of global change and diversity from geological, biological, cultural and historical perspectives. MPM interprets these themes to diverse audiences through its exhibits, programs and publications.

MPM's mission is best accomplished through the coordinated use of its public exhibits, research capabilities, collections and educational programs.

OPERATING HISTORY

Milwaukee County acquired the MPM from the City of Milwaukee in 1976. In its 125 years as a public institution, the Museum has grown to be one of the leading natural history museums in the nation, providing a valuable educational opportunity to visitors.

Based on the recommendations of a Blue Ribbon Task Force created in 1990 to study alternative funding of the Museum, County Board Resolution (File No. 91-775), adopted November 12, 1991, created a not-for-profit Museum Corporation with a Board of Directors providing management of the facility, effective March 31, 1992. In this arrangement, the County retains ownership of the

collection, building and land while MPM provides operational management of the Museum. A fixed base level funding amount of \$4.3 million was established for MPM during the initial five-year period of the Lease and Management Agreement.

The Lease and Management Agreement was re-negotiated in 1997 to continue the County's annual \$4.3 million payment to the MPM for five years, unless the County or MPM requested that base support levels be modified after March 31, 1999.

As a result of the re-negotiation, the Museum Endowment Funds were transferred to MPM in August 1997.

In 1999, the County extended the current term of the MPM Lease Agreement for an additional 33 months through December 31, 2004 (File No. 99-28(a)(a)) to facilitate the Museum Corporation's ability to sell long-term revenue bonds and to facilitate a capital campaign to raise charitable donations in support of the Museum Corporation's Butterfly Garden capital improvement project. This agreement remains in effect with a five-year renewal in perpetuity for 35 years, or until a new agreement is negotiated and signed.

In 2005, MPM required a loan to remain solvent because of severe cash flow problems resulting from overly aggressive expansion, financial mismanagement and lax Museum Board oversight. The County guaranteed the repayment of up to a \$6 million loan package on June 30, 2005 in order for MPM to be eligible for working capital resources

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from JPMorgan Chase and Marshall & Ilsley Banks, the "Lenders." In January 2007, a Museum Recovery Committee was formed, including all major MPM stakeholders, to determine and recommend a comprehensive financial recovery plan to ensure the long-term financial viability of the museum. The recovery plan, approved by the County Board, included major donor commitments including a \$5 million matching challenge grant, lender concessions and debt restructuring, MPM fund raising commitments and operating efficiencies, and a 10-year funding commitment to MPM from Milwaukee County. The commitments and actions of each of the stakeholders resulted in a substantial multi-million dollar package of financial improvements for the museum. As part of the recovery plan, Milwaukee County agreed to provide a minimum of \$4.0 million in capital improvement funding over a 5-year period. In February 2008, the proceeds from the \$5.0 million challenge grant were used to pay off and extinguish the outstanding County guaranteed debt that was established in the 2005 loan package.

CAPITAL BUDGET HISTORY

In 1994, Milwaukee County issued \$8.9 million in bonds for the addition of a large screen theater (IMAX) to the Museum Complex. In 1996, MPM and Discovery World Museum jointly opened the theater and shared operating expenses and revenues. In 1999, the County and MPM refunded the remaining outstanding debt for the IMAX Theater of approximately \$8.0 million. In March of 2000, Milwaukee County, acting as a conduit for MPM, issued \$4.2 million in revenue bonds for MPM to fund the Pulicher Butterfly Wing and purchase Discovery World's interest in, and assume full operation of, the IMAX Theater. The purchase was completed in April 2000.

BUDGET HIGHLIGHTS

- For 2009, Milwaukee County's contribution to MPM remains at the \$3,502,376 funding level per the approved Recovery Plan and Amendment 10 to the Lease and Management Agreement. This amount is based on the funding agreement as stipulated in the amended Lease and Management Agreement, which states that annual funding is fixed for a 10-year period beginning January 1, 2008.
- The 2009 Capital Improvements Budget includes \$975,600 for Museum infrastructure improvements.
- County Board Resolution (File No. 07-260), adopted June 21, 2007, states that Milwaukee County's contribution to MPM increases \$175,119, from \$3,327,257 in 2007 to \$3,502,376 in 2008, equivalent to the 2006 funding level per the approved Recovery Plan and Amendment 10 to the Lease and Management Agreement. This amount is based on the funding agreement as stipulated in the amended Lease and Management Agreement, which states that annual funding is fixed for a 10-year period beginning January 1, 2008.