



City of Milwaukee

City Hall
200 East Wells Street
Milwaukee, WI 53202

Meeting Agenda ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

ALD. JAMES WITKOWIAK, CHAIR

Ald. Willie Wade, Vice-Chair

Ald. Michael Murphy, Ald. Robert Bauman, and Ald. T. Anthony Zielinski

Staff Assistant, Chris Lee, 286-2232

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**Legislative Liaison, Jeffrey Osterman, 286-2262,
joster@milwaukee.gov**

Tuesday, July 19, 2011

9:00 AM

Room 301-B, City Hall

1. [101297](#) Substitute resolution approving Amendment No. 2 to the Project Plan and authorizing expenditures for Tax Incremental District No. 48, Park East, in the 3rd, 4th and 6th Aldermanic Districts.

Sponsors: Ald. Kovac and Ald. Murphy
Attachments: [Amendment No. 2 to the Project Plan for TID No. 48](#)
[Economic Feasibility Study as of 7-5-11](#)
[Term Sheet as of 6-22-11](#)
[Exhibit B to Term Sheet](#)
[Fiscal Impact Statement](#)
[Hearing Notice List](#)

2. [110218](#) A substitute ordinance relating to the First Amendment to the Detailed Planned Development known as Jennings Neighborhood Center, to revise the list of permitted uses for the site, on lands located on the northwest corner of North 92nd Street and West Center Street, in the 5th Aldermanic District.

Sponsors: Ald. Bohl
Attachments: [Notice Published on 7-1-11 and 7-8-11](#)
[Exhibit A as of 7-11-11](#)
[Proposed Zoning Change Map](#)
[Hearing Notice List](#)

3. [110359](#) Substitute resolution relating to a minor modification to the Detailed Planned Development known as Milwaukee Job Corps, to allow for a fence, on land located on the west side of North 60th Street and south of West Briggs Avenue, in the 9th Aldermanic District.

Sponsors: Ald. Puente
Attachments: [Exhibit A as of 7-11-11](#)

4. [110360](#) Substitute resolution authorizing the sale of up to 20 in-rem, single-family and duplex homes to Maures Development Group, LLC and Brinshore Development L.L.C. for

renovation into a minimum of 24 affordable housing rental units, in the 6th and 15th Aldermanic Districts.

Sponsors: Ald. Hines Jr.

Attachments: [Fiscal Impact Statement](#)
[Land Disposition Report](#)
[Hearing Notice List](#)

5. [110381](#) Substitute resolution directing the Department of City Development to sell the vacant, City-owned lot at 3034 North 74th Street to the owners of the adjoining properties, in the 10th Aldermanic District.

Sponsors: Ald. Murphy

Attachments: [Hearing Notice List](#)
[Fiscal Impact Statement](#)
[Land Disposition Report](#)

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Legislation Details (With Text)

File #: 101297 **Version:** 1

Type: Resolution **Status:** In Committee

File created: 2/8/2011 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Substitute resolution approving Amendment No. 2 to the Project Plan and authorizing expenditures for Tax Incremental District No. 48, Park East, in the 3rd, 4th and 6th Aldermanic Districts.

Sponsors: ALD. KOVAC, ALD. MURPHY

Indexes: TAX INCREMENTAL DISTRICTS, TAX INCREMENTAL FINANCING

Attachments: Amendment No. 2 to the Project Plan for TID No. 48, Economic Feasibility Study as of 7-5-11, Term Sheet as of 6-22-11, Exhibit B to Term Sheet, Fiscal Impact Statement, Hearing Notice List

Date	Ver.	Action By	Action	Result	Tally
2/8/2011	0	COMMON COUNCIL	ASSIGNED TO		
7/13/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
7/13/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
7/13/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
7/14/2011	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number

101297

Version

SUBSTITUTE 1

Reference

011182, 041514

Sponsor

ALD. KOVAC AND MURPHY

Title

Substitute resolution approving Amendment No. 2 to the Project Plan and authorizing expenditures for Tax Incremental District No. 48, Park East, in the 3rd, 4th and 6th Aldermanic Districts.

Analysis

The Common Council created Tax Incremental District No. 48 in 2002 to fund the redevelopment of 64 acres of vacant land made available by the removal of the former Park East Freeway spur. The purpose of the Project Plan and subsequent Amendment No. 1 were to fund public infrastructure in the corridor to promote redevelopment of the vacant parcels. Amendment No. 2 will provide \$4,628,940 to fund a loan to the North End Phase II project, \$2,200,000 in additional funds for public infrastructure associated with the project and \$300,000 in administration costs as well as the release \$500,000 in previously authorized job training funds.

Body

Whereas, On March 5, 2002, the Common Council of the City of Milwaukee ("Common Council") adopted File No. 011182, which approved a Project Plan and created Tax Incremental District No. 48, Park East, (the "District"); and

Whereas, On May 3, 2005, the Common Council adopted File No. 041514, which approved Amendment No. 1 to the Project Plan and an updated boundary for the District; and

Whereas, Pursuant to Section 66.1105(4)(h)(1), Wisconsin Statutes, on July 14, 2011, the Redevelopment Authority of the City of Milwaukee ("Authority") conducted a public hearing on Amendment No. 2 to the Project Plan for the District ("Amendment"), approved the Amendment by resolution and submitted the Amendment, a copy of which is attached to this Common Council File, to the Common Council for its approval; and

Whereas, Sections 66.1105(4)(g) and (h)(1), Wisconsin Statutes, provide that an amendment to a Project Plan shall be approved by the Common Council by the adoption of a resolution, which contains findings that such amendment is feasible and in conformity with the Master Plan of the City of Milwaukee ("City"); now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that it finds and determines as follows:

1. The Amendment retains the existing boundaries of the District and does not alter the number of properties within the District. Therefore, the findings made in File No. 041514, pursuant to Section 66.1105(4)(gm)1 and 4, Wisconsin Statutes, are reaffirmed.
2. The Amendment revises the project costs to be supported by the District and revises the forecast of District Cash Flow and District Financial Feasibility Analysis that is part of the Project Plan and makes related changes regarding the timing of project costs and methods of financing.
3. The project costs provided in the Amendment relate directly to promoting development consistent with the City's Master Plan and with the purpose(s) for which the District was created under Section 66.1105(4)(gm)4a, Wisconsin Statutes.
4. The percentage of the aggregate value of the equalized taxable property of the District, plus the incremental value of all other existing Tax Incremental Districts, does not exceed the statutory maximum 12 percent of the aggregate value of total equalized value of taxable property within the City; and, be it

Further Resolved, That the Amendment is approved and the Project Plan for the District, as amended, is feasible, in conformity with the Master Plan for the City and will promote the orderly development of the City; and, be it

Further Resolved, That:

1. The City Clerk is directed to notify the Wisconsin Department of Revenue in such form as may be prescribed by said Department of the approval of this Amendment pursuant to the provisions of Section 66.1105(5), Wisconsin Statutes.
2. The City Comptroller is directed to transfer the sum of \$7,128,940, plus capitalized interest for two years, if necessary, from the Parent TID Account to the Project Accounts TD04880000 and TD04880002, for the purpose of providing the necessary funding for the Amendment.
3. The City Comptroller is directed to transfer the sum of \$500,000 from the Parent TID Account to the Department of Administration for a job training program.
4. The City Comptroller, in conjunction with the Commissioner of the Department of City Development, is directed to perform such acts and to create such accounts and subaccounts and make appropriate transfers, upon written request by the Department of City Development, for all revenue or expenditure activity under this resolution.
5. The proper City officials are directed to execute, on behalf of the City, a Cooperation Agreement with the Authority providing for the granting of funds to the

Authority such that the Authority may make grants and the loan for the Project specified in the Amendment on the terms and conditions set forth in the Term Sheet for the Amendment, a copy of which is attached to this Common Council File; and, be it

Further Resolved, That the City does not plan to provide additional financial assistance to future phases of the North End project, or any other residential projects, in the downtown area. If requested to provide such assistance for a residential project (excluding the cost of adjacent public works or facilities open to the public pursuant to a public access easement), such assistance will be limited to 10 percent of the estimated assessed value of the project as determined by the Assessment Commissioner, following the determination by the Department of City Development and Office of the Comptroller that the project cannot proceed "but for" the provision of such financial assistance.

Drafter

DCD/Redevelopment Authority

DAC:dac

07/13/11

DRAFT

AMENDMENT NO. 2

PROJECT PLAN FOR TAX INCREMENTAL FINANCING DISTRICT

NO. 48

(PARK EAST)

Public Hearing Held: July 14, 2011

Redevelopment Authority Adopted: _____, 2011

Common Council Adopted: _____, 2011

Joint Review Board Approved: _____, 2011

**AMENDMENT NO. 2 TO THE PROJECT PLAN FOR
TAX INCREMENTAL DISTRICT NO. 48
CITY OF MILWAUKEE
(PARK EAST)**

Introduction:

Section 66.1105 (4)(h)(1), Wisconsin Statutes, permits the Redevelopment Authority, subject to the approval of the Common Council, to amend the project plan for a tax incremental financing district.

Tax Increment District No. 48 ("District") was created on March 5, 2002 by Common Council File No. 011182, to fund public infrastructure to encourage redevelopment of the former Park East Freeway Corridor, 60-acres of land made available by the removal of the Park East Freeway.

Amendment No. 1 to the District's Project Plan, approved on May 3, 2005 by Common Council File No. 041514, included an increase in funding for additional public infrastructure improvements and changed the boundary of the District.

Amendment No. 2 proposes a \$4,628,940 loan for the North End Phase II project, \$2,200,000 for North End Phase II public improvements and \$300,000 in administration costs, in accordance with the attached Term Sheet (**Exhibit A**). It also incorporates previous authorizations for increases in spending for the Aloft Riverwalk (Council File No. 071392), Moderne loan and Broadway/Water plaza (Council File No. 090687), and administrative expenses.

Amendments to the Project Plan:

The following amendments are made to the Project Plan. All other sections of the Plan remain unchanged.

I. DESCRIPTION OF THE PROJECT

Sub-Section D, “Proposed Public Action”, is deleted and restated as follows:

“The District is intended to provide incremental tax revenue to cover capital costs for street improvements and related project costs identified in section II.B of this amended Project Plan. These are the estimated costs excluding capitalized interest.

The City of Milwaukee may, on its own initiative or through a cooperation agreement with the Redevelopment Authority and/or other entities, undertake any and all project and site improvements and activities considered necessary to achieve project objectives and the commitment of private investment. This amended Plan is not intended to limit and shall not be interpreted as limiting the Redevelopment Authority in the exercise of its powers under Section 66.1333(5), Wisconsin Statutes, within the District. It is possible that future amendments to this Project Plan will be proposed.”

II. PLAN PROPOSALS

Sub-Section B, “Detailed List of Estimated Project Costs” is amended as follows:

Under “a. Capital Costs”, “Table A, Park East TID (No. 48) Projects” is deleted and restated with the below table:

Table A: Park East TID (No. 48) Projects

Project	Totals
State Contract Expenses Exceeding \$25 Million including: McKinley (6th to the River); New Knapp Street Bridge; Knapp Street (River to Milwaukee Street); 3rd, 4th and 6th Streets (McKinley to Juneau); Broadway (Ogden to Knapp); Milwaukee (Lyon to Knapp)	\$13,098,519
Water Street (from Juneau to Van Buren with Stubs @ Broadway and Milwaukee; including the extension of Jefferson @ Pleasant)	\$3,034,265
Riverwalk Road (from Broadway to Kewaunee including New Construction, Riverwalk, and Kewaunee from Riverwalk Road to Water and public infrastructure/utilities associated with the development), Public Plaza at Water/Broadway (\$750,000, Council File #090687), Aloft Riverwalk (\$887,274, Council File #071392), North End Riverwalk and Plaza (\$2,200,000)	\$5,638,734
Market Street (extension from Knapp to Water Street) and Ogden Street (extension from Market to Broadway), including purchase of right-of-way (\$278,160, Council File #071392)	\$1,023,360
Development Loans: Moderne (\$9,300,000, Council File #090687) and North End Phase II (\$4,628,940)	\$13,928,940
Administration Costs (includes June 15, 2002 to 2017, consultant costs, DCD staff costs, audit costs, RACM costs, legal costs, notices)	\$2,314,000
North End job training (Council File #061021)	\$500,000
Land Acquisition	\$1
Contribution to a redevelopment authority made under s.66.1333(13) in aid of the implementation of a redevelopment project plan	\$1
TOTAL	\$39,537,820

Cost estimates for the State Contract Street Segments listed may include paving, landscaping, lighting, and public utilities associated with the construction of the street segment.

Under “b. Other Costs”, is deleted and restated as follows:

“The category of Project Costs includes estimates for administrative, professional, organizational and legal costs. These costs are identified in section II.B of this amended Project Plan.”

Under “c. Financing Costs”, “Table B, List of Estimated Project Costs” is deleted and restated with the below table:

Table B
List of Estimated Project Costs

A	<u>Capital:</u>	
	Public Improvements	\$22,794,880
	Development Loans	\$13,928,940
B	<u>Other:</u>	
	Administrative, professional, organizational, legal and job training costs	\$2,814,000
	Total Estimated Project Costs, excluding financing	\$39,537,820
C	<u>Financing:</u>	
	Interest Payments on tax-exempt bonds	\$_____
D.	<u>Future Project Costs (requires future City approval)</u>	
	Riverwalk and public infrastructure for future North End phases	\$2,930,102

Sub-Section B, “Description of Timing and Methods of Financing” is amended as follows:

Under “a. Estimated Timing of Project and Financing Costs”, “Table C, Estimated Timing of Project Costs” is deleted and restated with the below table:

Table C
Estimated Timing Project Costs

Year	Estimated Project Cost	Cumulative Total
Pre-2011	\$21,924,921	\$21,924,921
2011	\$13,000,000	\$34,924,921
2012	\$4,587,899	\$39,512,820
2013	\$5,000	\$39,517,820
2014	\$5,000	\$39,522,820
2015	\$5,000	\$39,527,820
2016	\$5,000	\$39,532,820
2017	\$5,000	\$39,537,820

Under “b. Estimated Method of Financing Project Costs”, the first line is deleted and restated as follows:

“Sale of General Obligation Bonds: \$39,537,820”

Sub-Section B, “Economic Feasibility Study” is deleted and restated as follows:

“The Economic Feasibility Study for this District, prepared by S.B. Friedman & Co., titled *Economic Feasibility Study Proposed Amendment #2: TID #48 (Park East)* and dated July 5, 2011 is on file in the office the Redevelopment Authority of the City of Milwaukee, 809 North Broadway, Milwaukee, Wisconsin.

Based on the anticipated tax incremental revenue to be generated by this project, the District is financially feasible and would be retired by year 2029. Should incremental revenues be generated in excess of those currently anticipated, they will be used to offset the public costs of Plan implementation.”

Sub-Section B, “Exhibit 5, Proposed Improvements and Uses” is deleted and replaced with the attached “Exhibit 5: Proposed Improvements and Uses for Amendment #2”

Sub-Section B, “List of Estimated Non-Project Costs” is deleted and restated as follows:

“The incremental assessed value of completed and anticipated construction by private parties is estimated at approximately \$110,000,000. Please refer to the Economic Feasibility Study for this District, prepared by S.B. Friedman & Co., titled *Economic Feasibility Study Proposed Amendment #2: TID #48 (Park East)* and dated July 5, 2011.

Opinion of City Attorney letter is deleted and replaced with the attached letter from the City Attorney dated _____.

III. APPENDIX

Exhibit 6A-6B: Cash Flow and Debt Service Analysis is deleted and replaced with the Economic Feasibility Study prepared by S.B. Friedman & Co., titled *Economic Feasibility Study Proposed Amendment #2: TID #48 (Park East)* and dated July 5, 2011.

Exhibit A: Term Sheet

Term Sheet 6/22.1/2001

The North End Phase II

Loan Agreement between USL Land Phase I, LLC, and the City of Milwaukee

June 22, 2011

<u>Project:</u>	<p>North End Phase II, a 155-unit multi-family residential, retail and structured parking project containing 80% market-rate units and 20% units affordable to households earning no more than 60% of County Median Income.</p> <p>Senior financing to be provided by WHEDA in the form of variable rate tax-exempt bonds in an anticipated amount of \$26.185 million.</p> <p>Total Project costs are estimated at \$36.7 million.</p>
<u>Developer/ Borrower:</u>	USL Phase I Land, LLC
<u>Zoning/Design Review:</u>	The Project is within the Park East Redevelopment Boundary/RED Zoning and is subject to, and being developed in accordance with, the standards required by these regulatory documents.
<u>Project Budget:</u>	<p>Total Project budget is approximately \$36.7 million. Estimated total sources include:</p> <ul style="list-style-type: none">• WHEDA Bonds – senior \$26,185,000• City loan – described below \$4,628,940• Retail purchase proceeds \$228,200• Cash equity (Series B Bond) \$4,950,000• Equity – Deferred Dev. Fee \$713,849 <p>Additional detail on the Project budget is found in Exhibit A.</p>

<u>City/RACM Funding:</u>	<ol style="list-style-type: none"> 1. A \$2.2 million infrastructure grant from Park East TID proceeds, through modification of Developer's existing Development Agreement with City of Milwaukee to allow accelerated grant funding. 2. A \$4,628,940 junior construction/permanent loan with terms as set forth below(the "RACM Loan"). RACM and/or City will utilize its best efforts to fund the RACM Loan with the proceeds of Midwest Disaster Area Bonds.
<u>Lender:</u>	Redevelopment Authority of the City of Milwaukee (RACM)
<u>Loan Term:</u>	18 years, but due on sale or refinance
<u>Interest Rate:</u>	5.5% fixed rate throughout loan term.
<u>Amortization:</u>	<p>Interest-only for first 3 years, including construction period.</p> <p><u>Base Amortization:</u> Commencing in Year Four, minimum payments of principal equivalent to a 25-year amortization schedule based on level principal and interest payments at a 5.5% annual interest rate.</p> <p><u>Payment of Interest Savings:</u> in years where the weighted average annual interest cost on the WHEDA Bonds is less than 5.0%, Interest Savings shall be calculated and set aside from cash flow after payment of scheduled WHEDA Bond debt service.</p> <ul style="list-style-type: none"> • Interest Savings, shall be calculated as the difference between the actual annual interest cost, adjusted for the effect of any interest rate hedging instruments (plus annual fees paid to WHEDA, letter-of-credit fees or liquidity fees paid with respect to the Bonds, remarketing and trustee expenses) paid on the WHEDA Bonds for that year compared with the interest cost if the rate on the WHEDA Bonds (plus the expenses listed above) had been 5.0% for the year. This calculation shall exclude contributions toward the WHEDA Interest Reserve described herein. Interest Savings shall also include remaining Construction Interest reserve amounts at stabilization as described in 'Treatment of Remaining Reserves at Stabilization', herein. Additional principal payments

	<p>shall be made to RACM from Interest Savings as follow:</p> <ul style="list-style-type: none"> • The first cumulative \$600,000 of Interest Savings shall be paid into a Debt Service Management Account (DSMA), as more particularly described below, maintained by Borrower. Thereafter, and notwithstanding any withdrawals or payments from the Debt Service Management Account, 50% of such Interest Savings shall be paid to RACM as additional principal on the RACM Loan. • The Developer's obligation to pay 50% of Interest Savings to RACM shall be subordinate to WHEDA Bonds and interest owed to RACM and Base Amortization payment, but senior to all other Project obligations. <p>WHEDA shall require Borrower to create and maintain an Interest Reserve equal to 5% of the outstanding principal amount of the WHEDA bonds, subject to debt coverage tests. Any funds used by the Borrower to satisfy such Interest Reserve requirements, whether with cash, letter of credit, or other means, except funds from the \$350,000 Operating Deficit / Rent-Up Reserve required by WHEDA, shall be subordinate to the City's rights to sharing of Interest Savings.</p> <p>Interest due on the RACM Loan in subsequent years shall be calculated based on the then-current balance of the RACM Loan but shall not change the scheduled Base Amortization principal payment.</p>
<u>10th Anniversary Payment</u>	On the tenth anniversary of the closing of the RACM Loan, Developer/Borrower shall make a one-time additional principal payment on the RACM loan in the amount of \$300,000.
<u>Developer Fee:</u>	<p>Developer Fee shall be limited to 3.86% of Total Development Costs – no more than \$1.43 million.</p> <p>A minimum of 50% of the Developer Fee shall be deferred and payable from project cash flow after completion, subordinate to all debt obligations.</p>
<u>Purchase of Retail Space:</u>	At closing, a Developer affiliate (North End Phase I, LLC) shall fund 100% of the purchase proceeds for 2,282 square feet of Project retail

	space, to be deposited into Project construction escrow and used for Project construction. The minimum purchase price shall be 2,282 square feet multiplied by \$100 per square foot, or \$228,200.
<u>“B Bonds”:</u>	RACM will facilitate the issuance of approximately \$4.95 million (net proceeds) of “B Bonds” – unsecured, fixed-rate, tax-exempt bonds payable from Project cash flow via the Midwest Disaster Area Bond program. The anticipated interest rate on the B Bonds is 9%. These B Bonds shall be subordinate to the WHEDA Bonds and RACM Loan with no bondholder remedies that could force a default on the WHEDA bonds or RACM Loan. A letter of credit may be used to delay funding B Bond proceeds (see “Order of Disbursement” section), in which case, the Project budget shall not include any capitalized interest payments to B Bond holders. If such letter of credit cannot be used, the Project budget shall include not more than one year’s capitalized interest, not to exceed \$445,500. Under no circumstances shall construction interest savings, prior to stabilization, if any, be used to make such payments to B Bond holders.
<u>Sources Subordinate to RACM Loan:</u>	Developer shall raise a minimum of \$5.66 million in equity (including deferred Developer Fee but excluding retail space purchase proceeds) and B Bond proceeds.
<u>Order of Disbursement:</u>	Equity, Retail Space Sale Proceeds, B Bond Proceeds, and unless otherwise required by WHEDA, (and negotiated with the City via an intercreditor agreement with WHEDA), WHEDA Bond proceeds shall be fully expended before RACM loan proceeds may be drawn. Subject to WHEDA approval, Developer will use a letter of credit to delay funding of B Bond proceeds until after WHEDA Bond proceeds are fully disbursed, but before the RACM Loan is disbursed.
<u>Final Draw and Treatment of Net Savings</u>	Prior to the final disbursement of RACM Loan proceeds, the actual Project Total Development Costs shall be reviewed against the initial budget at closing to calculate a Net Savings Amount, if any. This calculation shall identify any Net Savings against budgeted development costs, exclusive of any savings against budgeted operating deficit and construction period interest reserves, but allowing for netting between

	<p>other line items. Such Net Savings shall reduce the RACM Loan amount, either via funds never being drawn or via an immediate return of principal. Notwithstanding the above, any net savings against pro forma interest reserves and / or operating deficit reserves may be used to offset an overall net overage in total development costs.</p>
<p><u>Treatment of Remaining Reserves at Stabilization</u></p>	<p>Following completion of construction and Project “Stabilization”, all amounts remaining in the Project Construction Interest account, after taking into account negative arbitrage during the construction period, shall be treated as Interest Savings as described in “Amortization.” Stabilization (“Stabilization”) shall mean three consecutive months where project income exceeds project expenses, with property taxes calculated, and pro-rated, on an accrual basis. Project expenses shall include debt service on the WHEDA loan at an assumed rate of 5.0% and debt service on the RACM Loan.</p>
<p><u>Debt Service Management Account</u></p>	<p>At or prior to Project Stabilization, a Debt Service Management Account (DSMA) shall be created. The DSMA shall be a segregated cash account not to be commingled with other Project funds or reserves. Funds in the DMSA shall only be used for the following purposes:</p> <ul style="list-style-type: none"> • Payment of interest on the WHEDA Bonds in periods when the all-in rate on the WHEDA Bonds is greater than 5.0%; • Purchases of interest rate hedging instruments (e.g. swaps, caps, etc.) that serve to reduce interest rate risk; • Replenishments of the Interest Reserve (5% of outstanding principal amount) that may be required under the WHEDA Bond documents.
<p><u>Security:</u></p>	<ul style="list-style-type: none"> • Second mortgage on Phase II Project • Second priority assignment of rents and leases • Construction Completion Guaranty from Barry Mandel (“Guarantor”) • Full Payment Guaranty from Barry Mandel • Negative Pledge on DSMA
<p><u>City “Kicker” Payment:</u></p>	<p>Upon sale or refinance, a \$500,000 payment shall be made to the City/RACM if such sale or refinance event generates sufficient funds to repay the B Bonds, subject to availability of sufficient proceeds after B</p>

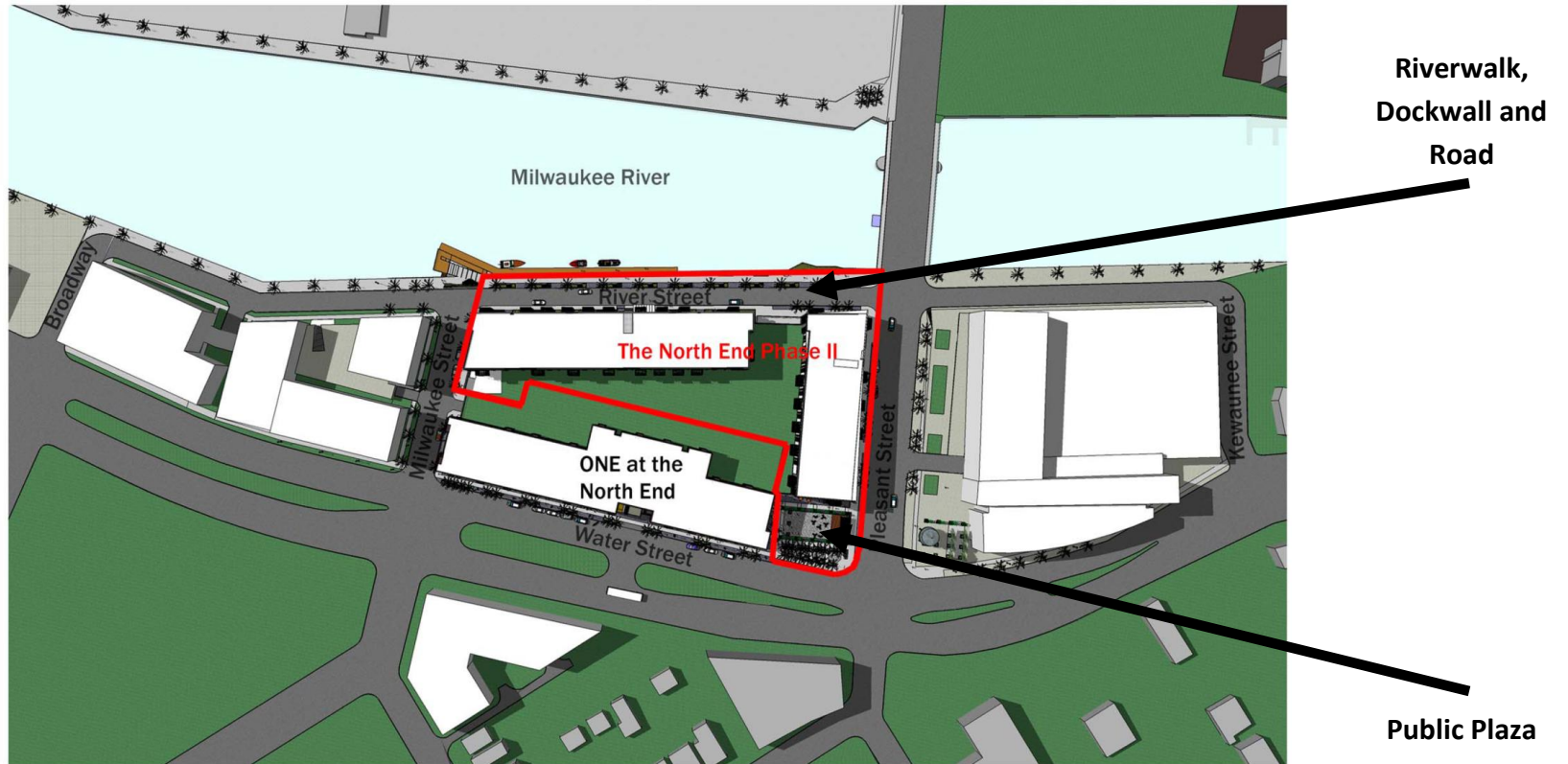
	Bond repayment.
<u>Priority of Cash Flow</u>	<p>Project cash flow after operating expenses shall be used as follows:</p> <ul style="list-style-type: none"> • Scheduled interest and principal payments on WHEDA Bonds • Required contributions to the Replacement Reserve of up to \$3900 per month per WHEDA requirements • Scheduled interest and principal payments on the City/RACM Loan • Initial funding of the DSMA • Interest Savings Payments payable to RACM • 10th Anniversary Payment (only upon the 10th Anniversary) • Payments to the holders of the B Bonds <p>Management Fee and other similar payments to Developer or Developer affiliates shall be limited to 5% of 90% of pro forma rental revenue during lease-up, and 5% of gross Project revenue after stabilization.</p>
<u>Priority of Repayment</u>	<p>Upon sale or refinancing, net proceeds shall be applied and disbursed in the following order:</p> <ul style="list-style-type: none"> • WHEDA First Mortgage • RACM Second Mortgage • B Bondholders • Repayments to Guarantor, if Guarantor has made any payments of debt service on the City Loan, which have not previously been reimbursed, pursuant to the Debt Service Guarantee • City “Kicker” Payment • Developer’s Equity of \$713,849 • Balance to Developer
<u>Conditions to Closing/Disbursement of City Loans:</u>	<p>Preconditions to closing of RACM Loan to the Developer shall include, but not be limited to:</p> <p>A. <u>Design Review.</u> The City of Milwaukee shall have approved the final plans and specifications for the Project, and issued permits for building construction.</p> <p>B. <u>Evidence of Financing.</u> Developer must provide evidence that,</p>

	<p>together with the RACM Loan, sufficient Senior Debt and Developer equity are committed (and all preconditions to funding satisfied) to pay for the costs of the Project.</p> <p>C. <u>Insurance.</u> Borrower is to provide RACM with evidence of Insurance for all coverage customary for RACM. This will include hazard insurance.</p> <p>D. <u>Title.</u> Borrower is to provide evidence of title insurance naming RACM as mortgagee on Project property.</p> <p>The proceeds of the Loan shall be disbursed pursuant to the terms of a Disbursing Agreement by and among WHEDA, the Borrower, RACM and such other parties as WHEDA may reasonably designate. The City and RACM anticipate that disbursements of the RACM Loan will occur using the same title company as WHEDA.</p>
<u>Development Agreement/Loan Agreement:</u>	<p>The City, Developer and RACM shall enter into a Development Agreement, Loan Agreement, and ancillary loan documents containing terms consistent with this Term Sheet and customary for such development and loan agreements (collectively, "Agreements"). The Agreements may not be assigned to a third party without the written consent of the Executive Director of RACM.</p>
<u>Limits on Developer Action:</u>	<p>Until all Developer obligations under the Development Agreement have been fully discharged, the Developer may not without City consent:</p> <ul style="list-style-type: none"> • Liquidate or consolidate the Site; • Merge with another entity; • Enter into any transaction that would materially adversely affect the ability of the Developer to complete the Project or its obligations under the Development Agreement; • Assume additional indebtedness for which the collateral includes any portion of the Project or the Developer's interest therein • Assume or guarantee the obligations of any other person or entity

	<p>that would materially adversely affect the ability of the Developer to complete the Project or repay the RACM Loan; or</p> <ul style="list-style-type: none"> • Enter into a transaction that would cause a material and detrimental change to the Developer's financial condition
<u>Human Resources:</u>	See Exhibit B
<u>Prevailing Wages:</u>	See Exhibit B
<u>PILOT Payments:</u>	The Development Agreement will require payments in lieu of taxes with respect to any parcel, unit or building within the Project site that subsequently becomes exempt from real property taxes. This provision shall be incorporated into a covenant running with the land.
<u>Financial Statements:</u>	<p>Throughout the term of the Loan, Developer shall provide annual financial statements prepared and audited by outside accountants acceptable to RACM no later than 120 days following the close of each Borrower fiscal year for the Project, certified as to accuracy by the Developer, and annual tax returns within 120 days of the end of fiscal year. RACM shall pledge to hold such records confidential to the greatest extent permitted by law. Developer shall also provide such other information on Project financial performance or other related matters as may be requested by RACM in its discretion to oversee Developer performance and maintenance of collateral.</p> <p>Guarantors are required to provide RACM with signed, updated personal financial statements within 120 days of the end of each year and if requested, a signed copy of their personal tax returns.</p>
<u>Defaults:</u>	Failure of Developer to comply with the requirements of the RACM Loan documents (including but not limited to non-payment of interest or principal, use of Available Cash for unauthorized purposes, failure to

	<p>submit required documentation, failure to complete the project, commission of fraud or other violations, defaulting on Senior funding) shall be deemed Events of Default. The Development Agreement will define these Events of Default, corresponding cure periods, and remedies if applicable. RACM remedies shall include standard lender remedies such as rights to accelerate. RACM will work with WHEDA to develop appropriate intercreditor provisions, including limitations on cross-defaults as needed.</p>
<p><u>General:</u></p>	<p>This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort shall be incorporated in one or more agreements, including the Agreements mentioned above, among the City, RACM, and Developer. Resolutions approving the Term Sheet will also provide for the execution of all additional documents and instruments necessary to implement the Project.</p> <p>All other customary provisions (Comptroller audit rights, DCD Commissioner review and approval of project budget and design,, Developer payment of RACM’s out-of-pocket expenses for a lender’s representative to monitor construction draws [RACM will consider utilizing the same lender’s representative in order to reduce Developer’s cost for this service], RACM reimbursement to Developer of funds advanced for project economic analysis, less funds advanced by RACM or City, etc.) will also be included in the Development Agreement.</p>
<p><u>Future Requests For City Assistance</u></p>	<p>The City does not plan to provide additional financial assistance to future phases of the North End project, or any other residential projects, in the downtown area. If requested to provide such assistance for a residential project (excluding the cost of adjacent public works or facilities open to the public pursuant to a public access easement), such assistance will be limited to 10% of the estimated assessed value of the project as determined by the Assessment Commissioner, following the determination by the Department of City Development and Office of the Comptroller that the project cannot proceed “but for” the provision of such financial assistance.</p>

Exhibit 5: Proposed Improvements and Uses for Amendment #2



NORTH END PHASE II

Site Plan
NTS
December 14, 2010
Engberg Anderson Project No. 101974

Economic Feasibility Study

PROPOSED AMENDMENT #2: TID #48 (Park East)

Prepared for:

Redevelopment Authority of the City of Milwaukee

Submitted: July 5, 2011

City of Milwaukee
TID #48/Proposed Amendment #2

Economic Feasibility Study

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Appendix 1: TID Projection Detail

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1. Project Description and Study Approach

This Feasibility Study analyzes the City of Milwaukee’s proposed amendment to the Park East TID (TID #48) to facilitate approximately \$7.295 million in additional expenditures to promote the development of Phase 2 of the North End (the “Project”) and other redevelopment and public infrastructure in the TID.

Project Description

The Project is proposed as a two-building, 155-unit, 227-parking space rental residential project to be constructed on the block bounded by Water Street, the Milwaukee River, Pleasant Street, and Milwaukee Street. The development entity proposing the Project is an affiliate of the Mandel Group (“Developer”). The project site is located on the same block as ONE at the North End (“Phase 1”), a mixed-use building containing 83 rental apartments, 12,665 square feet of retail, and 115 parking spaces completed in 2009 by the Developer and currently at stabilized occupancy.

The Project is to be primarily financed via the Wisconsin Housing and Economic Development Authority (WHEDA) Tax Exempt Bond Loan program for multi-family projects using Midwestern Disaster Area Bonds (hereafter, “WHEDA Bonds”). Based on a preliminary commitment from WHEDA, the WHEDA Bonds are anticipated to cover \$26.185 million of the Developer’s total estimate of \$36.7 million in project costs. A key requirement of the WHEDA program is that 20% of the Phase 2 units must be set aside for households earning 60% or less of County Median Income (CMI) for at least 15 years.

A City TID contribution to the Project of up to **\$4.629 million** is proposed for gap financing, in the form of a loan. In addition, the City is proposing to accelerate \$2.37 million in North End public infrastructure funding and fund an additional \$300,000 in administrative TID costs, for a grand total of **\$7.295 million** in additional TID expenditures. Additional detail on the proposed City assistance parameters is included in Chapter 2.

Study Approach

In addition to reviewing the developer’s overall pro forma for the Project, *SBFCo*, in conjunction with construction consultants The Concord Group (“Concord”), reviewed and considered the following key factors affecting the TID feasibility of the proposed project:

- Construction cost budget and supplemental information provided by the Developer
- Key financing assumptions embedded in the Developer’s pro formas through review of industry sources
- Assessment techniques and assumptions likely to be used as a basis for property taxation, based on key informant interviews with the City of Milwaukee Assessor’s Office

- Real property assessment data from the City Assessor's Office on existing properties within TID 48
- Real property assessment data for other comparable properties elsewhere in Milwaukee to validate the potential assessed valuation of the project
- Potential bonding assumptions as provided by DCD and the Office of the City Comptroller to be used in evaluating financing capacity

2. Terms of Proposed Financing; Debt Coverage and Returns Analysis

Pursuant to our engagement with the City of Milwaukee, *SBFCo* reviewed key assumptions included in the developer's pro forma for the Project, as well as the resulting implications on the need for TID assistance.

Project Context within Overall North End Development

Project Relationship to Land/Master Development Entity and North End Phase 1

The Developer initially assembled the entire group of sites comprising all phases of North End via the entity USL Land, LLC. This entity has served as a “master developer” for the North End, facilitating demolition, site preparation, environmental cleanup, and infrastructure construction. In turn, each individual phase of “vertical” development purchases its site from USL Land, LLC, thus reimbursing USL Land, LLC for a pro-rated portion of its overall land acquisition and site prep expenditures.

The Project includes a continuation of a parking structure initially constructed for Phase 1, and the buildout of the balance of the block. The construction activity for Phase 1, which began in 2007, included the construction of an additional bay of parking (60 spaces) beyond that directly needed for Phase 1. This additional parking was constructed for the Project, and built early to realize construction efficiencies. The Developer allocated \$1.5 million in parking construction cost incurred at the time of Phase 1 construction to the future Phase 2, reflecting a proration of cost for these 60 spaces.

The construction scope of the Project includes approximately 2,282 square feet of ground floor retail space. This space is to be purchased by the NEPI (the Phase 1 ownership entity) at a proposed cost \$228,200 (\$100/sf). The rationale for this retail sale is twofold—a) it enhances Mandel's ability to comply with New Markets Tax Credit regulations for mixed-use projects applicable to Phase 1, and b) the Phase 2 retail is physically proximate to the Phase 1 retail and therefore it would be advantageous to integrate operations and ownership of the two components.

Existing Development Agreement for North End Project

The overall North End development is the subject of an existing Development Agreement between the City of Milwaukee and the Developer. This agreement, executed in 2007, called for the Developer to receive TID financial assistance for public costs associated with North End development, including such items as street construction, utility relocation, riverwalk and dock wall construction, and environmental/site work in public rights of way. The Development Agreement contemplated phased City TID assistance to be released in coordination with construction of additional phases of taxable development within the North End.

Due to the overall pace of development in the Park East and the fact that North End Phase 1 ultimately did not include a residential condo component as was contemplated in 2006, the Developer would be unable to access any additional infrastructure funding for the Project under the original Development Agreement. Therefore, the proposed Project assistance package includes a revision of the overall North End agreement to allow about \$2.37 million of TID public infrastructure grant associated with Phase 1 and Phase 2 to be released.

Project Costs, Revenues, and Financing Parameters

SBFCo, with the assistance of Concord, reviewed costs, revenues, and financing structure/parameters included in the developer's proposed project budget.

Financing Sources

The Developer proposes to finance the Project with the following sources:

- **WHEDA Bonds.** The Developer anticipates \$26.185 million in senior debt via WHEDA Tax-Exempt Midwestern Disaster Area Bonds. These would be issued as variable rate seven day “low floaters” that would be guaranteed by WHEDA. The bonds would remain in place for up to 40 years. Due to the weekly re-pricing of the bonds, true amortization would not occur—however, WHEDA's proposed terms to the Developer require gradual redemption of the bonds to reduce the amount of outstanding principal as if the project was following a 40-year amortization schedule on a 5.5% interest fixed-rate loan. The Developer's pro forma effectively assumes that the cost of funds on the WHEDA bonds is a consistent 4.93%. This includes the underlying interest rate, WHEDA's guarantee fee, letter of credit fees, and remarketing costs.
- **City Loan.** This loan is proposed as a \$4.629 million subordinate loan with a maturity of 18 years, with amortization on a 25-year schedule beginning in Year 4. The fixed interest rate of this loan is 5.5%. The loan also includes the following features:
 - Accelerated principal repayment based on a formula that allocates interest savings on the WHEDA Bonds realized in years where the all-in rate is below 5.0%. After creation and funding of a Debt Service Management Account (a cash account serving as a protection to the Project against interest rate spikes) with the first \$600,000 in such interest savings, all additional interest savings against the 5.0% WHEDA benchmark rate are to be split 50/50 between early principal reduction on the City Loan and releases to the Developer to service the B Bonds (described below).
 - A mandatory payment towards outstanding principal of \$300,000 on the 10th anniversary of the closing of the City Loan.

- A profit-sharing payment from the Developer to the City of \$500,000 upon sale or refinance, subject to the availability of sufficient funds after repayment of the other project debt.
- **“B” Bonds.** In lieu of traditional cash equity, the Developer proposes about \$4.95 million in “B Bonds”—tax-exempt bonds issued by the Redevelopment Authority of the City of Milwaukee (RACM) at a fixed rate of 9%. These bonds are to be unsecured, occupying the same position in the capital structure as investor equity typically would. If cash flow is unavailable to pay debt service on these bonds, interest will accrue until paid off. The purpose of using the B Bond structure appears to be to take advantage of the opportunity to make interest earnings (which would otherwise be return on equity distributions) exempt from federal income tax, and therefore worth more on an after-tax basis to the investors. Beyond the B Bond proceeds, no other cash equity is indicated in the Developer’s pro forma. Due to related-party restrictions on tax-exempt bonds, it is *SBFCo’s* understanding that no Developer affiliates may be B Bondholders.
- **Deferred Developer Fee.** The Developer will defer 50% of its fee (deferral of approximately \$714,000), which in turn is reflected as equity in the Project pro forma. Repayment of this deferred fee would be subordinated to interest payments on the B Bonds, and would not commence until the B Bond holders have been paid all current and accrued interest.
- **Retail Sales Proceeds.** The Phase 1 development entity will provide approximately \$228,200 in cash to the Developer for use in developing the Project in exchange for a transfer of the 2,282 square feet of Phase 2 retail space to the Phase 1 entity.

Development Costs

SBFCo’s review yielded the following key observations regarding costs and revenues:

- **Construction Costs.** Total construction costs are estimated at \$25.0 million, including a contingency of about 6% on work not yet completed (i.e. excludes the \$1.5MM parking bay already built along with Phase 1). Concord reviewed construction cost estimates provided by the Developer (and Arteaga Construction on behalf of the Developer) based on the schematic-level design information available at this stage in the proposed project. Concord has indicated to *SBFCo* that the developer’s estimated costs are reasonable given the proposed program and project specifications and the level of design specificity that was available at the time their review was performed.
- **Soft Costs.** Soft costs, including architecture, engineering, and financing fees/reserves comprise approximately 18.7% of Total Development Costs, excluding land and developer fee. This is slightly higher than the 17% average frequently observed by

SBFCo for soft costs in urban mixed-use redevelopment projects. However, this appears to be primarily due to the WHEDA bond structure, which includes a 1.2% underwriter's cost as a percentage of the \$26.185 million WHEDA bond principal amount (in addition to a 1% issuance fee). Also, these soft costs include \$205,333 in historical interest carry on the costs expended in roughly 2008 to construct the portion of the Phase 2 parking deck that was built in conjunction with North End Phase 1. If the WHEDA-related underwriter's fee and the interest carry (line items totaling approximately \$500,000) are set aside, soft costs and financing costs collectively total about 17% of Total Development Costs, in line with observed norms. In light of the proposed WHEDA financing structure, the soft costs and financing costs therefore appear reasonable.

- **Developer Fee.** The total overhead and fee proposed for the project is approximately \$1.43 million, or 3.89% of Total Development Cost. This is consistent with fee levels allowed by the City of Milwaukee on recent proposed projects of a similar nature (Moderne and Bookends).
- **Lease Revenues.** The projected revenue stream for the Project is derived from the rent schedules for apartment units and apartment parking spaces. Once the project reaches stabilization, the annual gross income is projected at approximately \$2.5 million from apartments, \$350,000 from rentable apartment parking spaces, and \$132,000 from other miscellaneous charges. Apartment rents are projected to be at the high end of the observed spectrum in Downtown Milwaukee at approximately \$1.80 per square foot for the market-rate units (\$1.68 weighted overall average when affordable units are factored in). However, this is lower than the \$1.90/sf average rents already attained by the Developer on North End Phase 1, which leased up promptly, and has maintained approximately 98% occupancy.
- **Operating Expenses.** Projected operating expenses for the Project apartments are projected at 35% of rental revenues, which is at the low end of the typical range for newly constructed apartment projects based on reviews of benchmark sources such as IREM surveys and discussions with apartment developers. However, the Developer's assumptions are based on successful operation of multiple other rental apartment properties in Downtown Milwaukee, and may likely reflect economies of scale due to the number of units in the Developer's portfolio. This expense ratio includes a 5% management fee paid to the Developer's property management affiliate—a fee level that appears reasonable and in line with market parameters.

Table 1 on the following page shows the projected sources and uses of funds for the Project.

City of Milwaukee

Park East TID Feasibility Study: Proposed North End Phase 2 Project Loan

Table 1: Estimated Development Sources & Uses of Funds

DEVELOPMENT COSTS	
Land and Site Work	
Land	\$ 3,194,346
New Site Construction	\$ 1,061,293
Subtotal Land and Site	\$ 4,255,639
Construction	
Building Construction & GC's	\$ 20,799,686
Payoff of Cost- Previously Constructed Parking	\$ 1,500,000
Contingency	\$ 1,232,969
Construction Management Fee	\$ 1,490,967
Subtotal Construction	\$ 25,023,622
Soft Costs	
Design	\$ 1,356,120
Legal & Professional	\$ 596,506
Taxes/Insurance/Closing Costs	\$ 200,000
Fees & Permits	\$ 89,000
Marketing & Property Start-Up	\$ 350,000
Development Contingency	\$ 200,000
Subtotal Soft Costs	\$ 2,791,626
Financing Costs & Reserves	
Financing Fees & Costs	\$ 957,403
Construction Interest	\$ 1,900,000
Operating Reserve	\$ 350,000
Subtotal Financing Costs & Reserves	\$ 3,207,403
Developer Fee	\$ 1,427,699
TOTAL DEVELOPMENT COSTS	\$ 36,705,989
SOURCES OF FUNDS	
WHEDA Bonds- Senior	\$ 26,185,000
City Loan- Junior	\$ 4,628,940
Retail Purchase Proceeds	\$ 228,200
B Bond Proceeds	\$ 4,950,000
Equity- Deferred Dev Fee	\$ 713,850
TOTAL SOURCES OF FUNDS	\$ 36,705,989

Debt Coverage and Financial Returns

SBFCo performed a pro forma financial analysis to review projected debt coverage on the City and WHEDA loans, as well as the financial returns projected for the Developer and investors for the Project.

Table 2 on the following page shows a cash flow, debt coverage, and returns analysis incorporating the changes discussed above, as well as the City Loan and project Sources and Uses adjustments discussed earlier in this memo. This schedule shows 15 years of operations, with the assumption that a sale or refinance event would occur at the end of this period. This schedule also assumes that the 20% affordable unit component would revert to market rate at the 15 year mark.

The all-in floating rate for the WHEDA Bonds consists of the SIFMA 7-day Municipal Swap Index rate plus 2.43% fees, expenses, and premiums including a 1.35% fee to WHEDA. The subordination of the City loan to this floating-rate WHEDA layer presents an inherent layer of risk to the City—fluctuations in the WHEDA interest could jeopardize the project’s ability to service the City loan. The “Interest Rate Risk Dynamics” section below discusses this issue further. For context, the Developer’s baseline pro formas have analyzed average all-in WHEDA rates ranging from 4.68%-5.025%, while WHEDA underwriting guidelines suggest 5.5% as an appropriate rate for testing debt coverage. All of these rates are substantially higher than would apply in the current interest rate environment, and thus incorporate a cushion to protect against future rate increases.

In Table 2, the all-in WHEDA rate is assumed to average 4.93%, consistent with the Developer’s pro forma assumptions as of May 2011. Key points from this analysis are as follows:

- With WHEDA Bond rates at this 4.93% level, the Developer would not make any additional interest savings sharing-based payments of principal on the City Loan, due to the accumulation of such savings in the Debt Service Management Account.
- In Year 3, the first fully stabilized year with amortizing debt service payments, aggregate debt coverage on the WHEDA and City loans is projected at 1.08. If the WHEDA average rate increased to 5.5%, the projected coverage would be 1.0.
- The B Bonds would be paid off in the assumed sale/refinance of the project in Year 15, the same year in which the bondholders are projected to have received all current and accrued interest payments due to date (i.e. no accrued interest would remain unpaid).
- The Developer’s equity contribution (limited to deferred fee) would not be compensated with net cash flow during the 15-year operations of the property, but with a substantial distribution upon property sale and satisfaction of the remaining WHEDA, City, and B Bond obligations.
- The Developer’s IRR is estimated at about 20.7% for this scenario, while the B Bondholders would earn 9% tax-exempt interest.

City of Milwaukee

Park East TID Feasibility Study: Proposed North End Phase 2 Project Loan

Table 2: Projected 15-year Cash Flow with City Subordinate Loan
4.93% Senior Debt Base Interest Rate Assumed (SIFMA rate of 2.5%)

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Revenue				(Stabilization)												
Apartment Rental Revenue		1,254,306	2,583,504	2,812,602	2,896,980	2,983,890	3,073,406	3,165,609	3,260,577	3,358,394	3,459,146	3,562,920	3,669,808	3,779,902	3,893,299	4,010,098
Other Revenue		239,985	479,901	494,298	509,127	524,401	540,133	556,337	573,027	590,218	607,924	626,162	644,947	664,295	684,224	704,751
Operating Reserve Draw		333,656	0													
Interest Reserve Release			304,781													
Vacancy	5.00%	(135,317)	(14,801)	(165,345)	(170,305)	(175,415)	(180,677)	(186,097)	(191,680)	(197,431)	(203,354)	(209,454)	(215,738)	(222,210)	(228,876)	(235,742)
Total Revenue		1,692,630	3,353,385	3,141,555	3,235,802	3,332,876	3,432,862	3,535,848	3,641,923	3,751,181	3,863,717	3,979,628	4,099,017	4,221,987	4,348,647	4,479,106
Operating Expenses																
Res. Controllable Expenses		350,376	397,808	409,742	422,034	434,695	447,736	461,168	475,003	489,254	503,931	519,049	534,621	550,659	567,179	584,194
Res Non-Controllable Expenses		232,687	720,577	742,195	764,461	787,394	811,016	835,347	860,407	886,219	912,806	940,190	968,396	997,448	1,027,371	1,058,192
Interest Reserve LOC		12,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Total Operating Expenses		595,063	1,142,385	1,175,937	1,210,495	1,246,090	1,282,753	1,320,515	1,359,411	1,399,473	1,440,737	1,483,239	1,527,016	1,572,107	1,618,550	1,666,387
Net Operating Income		1,097,567	2,211,000	1,965,618	2,025,307	2,086,786	2,150,110	2,215,333	2,282,513	2,351,708	2,422,979	2,496,389	2,572,000	2,649,880	2,730,097	2,812,720
Gross Reversion Proceeds @ Less Costs of Sale	7.50% cap rate 3%		based on Year 16 NOI of		3,256,715											43,422,863 (1,302,686)
Net Reversion Proceeds																42,120,177
TOTAL SOURCES OF CASH		1,097,567	2,211,000	1,965,618	2,025,307	2,086,786	2,150,110	2,215,333	2,282,513	2,351,708	2,422,979	2,496,389	2,572,000	2,649,880	2,730,097	44,932,897
WHEDA Bonds Debt Service																
Assumed WHEDA Rate	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%
WHEDA Beginning Balance	26,185,000	26,185,000	26,185,000	26,185,000	25,999,902	25,804,363	25,597,794	25,379,572	25,149,042	24,905,507	24,648,236	24,376,452	24,089,338	23,786,028	23,465,608	23,127,115
WHEDA Interest Payment		860,614	1,290,921	1,290,921	1,281,795	1,272,155	1,261,971	1,251,213	1,239,848	1,227,842	1,215,158	1,201,759	1,187,604	1,172,651	1,156,854	1,140,167
WHEDA Principal Payment	40	0	0	185,098	195,539	206,569	218,221	230,531	243,534	257,272	271,784	287,114	303,310	320,419	338,493	357,115
Total WHEDA Payments		860,614	1,290,921	1,476,019	1,477,334	1,478,724	1,480,192	1,481,744	1,483,382	1,485,113	1,486,942	1,488,874	1,490,914	1,493,070	1,495,348	24,267,282
WHEDA Ending Balance		26,185,000	26,185,000	25,999,902	25,804,363	25,597,794	25,379,572	25,149,042	24,905,507	24,648,236	24,376,452	24,089,338	23,786,028	23,465,608	23,127,115	0
Debt Service Management Account																
Interest Reserves Deposited to DSMA			304,781													
Interest Savings Deposited to DSMA (Release) from DSMA		18,330	18,330	18,330	18,200	18,063	17,918	17,766	17,604	17,434	17,254	17,064	16,863	16,650	16,426	16,189
Cumulative Balance		18,330	341,440	359,769	377,969	396,032	413,951	431,717	449,321	466,755	484,009	501,072	517,935	534,585	551,011	(567,200) 0
City Loan Debt Service																
City Base Rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
City Beginning Balance	4,628,940	4,628,940	4,628,940	4,628,940	4,540,208	4,446,471	4,347,446	4,242,836	4,132,325	4,015,580	3,892,250	3,761,963	3,624,327	3,478,927	3,325,326	2,863,060
City Interest Payment		169,728	254,592	254,592	249,711	244,556	239,110	233,356	227,278	220,857	213,574	206,408	198,838	191,841	184,393	177,468
City Principal Payment @ 5.5%	25	0	0	88,732	93,737	99,024	104,610	110,511	116,745	123,330	130,287	137,636	145,400	153,602	162,266	2,863,060
Plus Additional Principal Paid from Int Savings		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10th Anniversary Payment										300,000						
Total City Payments		169,728	254,592	343,323	343,448	343,580	343,720	343,867	344,023	344,187	327,861	328,044	328,238	328,443	328,659	3,020,528
City Ending Balance		4,628,940	4,628,940	4,540,208	4,446,471	4,347,446	4,242,836	4,132,325	4,015,580	3,892,250	3,761,963	3,624,327	3,478,927	3,325,326	2,863,060	0
Net Cash Flow After Debt Payments		48,896	342,377	127,947	186,324	246,418	308,279	371,957	437,504	204,974	590,923	662,408	735,986	811,717	889,664	18,196,098
B Bond Debt Service																
Payment on B Bond Current Year Int.	9%	48,896	342,377	127,947	186,324	246,418	308,279	371,957	437,504	204,974	445,500	445,500	445,500	445,500	445,500	445,500
Payment on B Bond Accrued Interest	0%	0	0	0	0	0	0	0	0	0	145,423	216,908	290,486	366,217	444,164	284,467
Payment on B Bond Principal		0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,950,000
Total B Bond Payments		48,896	342,377	127,947	186,324	246,418	308,279	371,957	437,504	204,974	590,923	662,408	735,986	811,717	889,664	5,679,967
City "Kicker" Payments	\$ 500,000															500,000
Developer Equity Cash Flow	\$ (713,850)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12,016,131
IRR on Developer Equity	20.7%															
TOTAL USES OF CASH		1,097,567	2,211,000	1,965,618	2,025,307	2,086,786	2,150,110	2,215,333	2,282,513	2,351,708	2,422,979	2,496,389	2,572,000	2,649,880	2,730,097	45,483,908
Debt Service Coverage																
WHEDA Senior Bonds		1.28	1.48	1.33	1.37	1.41	1.45	1.50	1.54	1.58	1.63	1.68	1.73	1.77	1.83	
WHEDA and City Loans Combined		1.07	1.23	1.08	1.11	1.15	1.18	1.21	1.25	1.29	1.34	1.37	1.41	1.45	1.50	

Overall, the debt coverage ratios in this scenario appear somewhat tight in the early years of the project—particularly the first stabilized year, in which debt service is being paid from project cash flow as opposed to reserves, and is estimated at 1.08. However, this coverage ratio is substantially affected by the interest rate on the WHEDA bonds. With a WHEDA rate of about 2.6%—approximately what it would be currently based on the underlying SIFMA index—coverage improves to over 1.6x.

In aggregate, the Developer and B Bondholder returns appear modest in this pro forma scenario. Cash-on-cash returns, measured as net cash flow divided by B Bond proceeds, range from about 3-5% in the first 3 stabilized years of the project (although this cash flow does increase substantially if WHEDA rates stay below the 4.93% tested in this feasibility study). This is below typical mezzanine debt interest rate expectations, suggesting that the Developer's proposed B Bond structure is a creative method of raising subordinate capital for the Project on favorable terms. This appears to be facilitated by the tax-exempt nature of these bonds, which enhances after-tax returns to the bondholders.

INTEREST RATE RISK DYNAMICS

SBFCo's pro forma analysis suggests that the financial performance of the Project strongly correlates to the ultimate interest rates realized on the WHEDA senior debt. To provide context on the rates at which the Project is being underwritten, *SBFCo* reviewed historical SIFMA Municipal Swap Index rates for recent years. Currently, rates are at or near historic lows. The highest observed rate in recent history was 7.96% on 9/24/08 in the midst of the capital markets upheaval of late 2008. However, this event appears to have been an isolated spike in the context of substantially lower averages.

Table 3 below provides a 20-year history of average SIFMA Municipal Swap Index Rates as calculated by *SBFCo*. It also illustrates the WHEDA senior bond rate that would result from each underlying SIFMA rate based on the 2.43% spread currently proposed for the Project.

Table 3: SIFMA Municipal Swap Index Rate Averages and Implications on WHEDA Bond Rate

<i>Year(s)</i>	<i>Average SIFMA Municipal Swap Index Rate</i>	<i>Approximate Resulting WHEDA Interest Rate based on Current Proposed Spread</i>
2010	0.27%	2.79%
2009	0.40%	2.93%
2008	2.21%	4.74%
2007	3.62%	6.15%
2006	3.45%	5.97%
2005	2.46%	4.99%
2004	1.23%	3.76%
2003	1.03%	3.56%
2002	1.38%	3.90%
2001	2.61%	5.13%
2000	4.12%	6.65%
1999	3.29%	5.82%
1998	3.43%	5.96%
1997	3.66%	6.18%
1996	3.43%	5.96%
1995	3.85%	6.37%
1994	2.84%	5.37%
1993	2.37%	4.89%
1992	2.81%	5.33%
1991	4.37%	6.90%
2006-2010	1.99%	4.52%
2001-2010	1.87%	4.39%
1996-2010	2.44%	4.97%
1991-2010	2.64%	5.17%
1990-1994	3.66%	6.18%
1996-2000	3.59%	6.11%
2001-2005	1.74%	4.27%

Source: sifma.org and S. B. Friedman & Company

As shown in **Table 3**, 1991 was the year with the highest overall average SIFMA rate in the 20-year analysis period, at about 4.4%, but the overall average for the analysis period is about 2.6%. This 20-year average, added to the WHEDA spread, would result in an average rate of 5.03%--very close to the rate analyzed in this feasibility study of 4.93%. The highest 5-year SIFMA rate average in the analysis is 1990-94, at 3.66%. This rate would result in an all-in WHEDA rate of 6.09%. If the WHEDA rate consistently stayed at this level during the operations of the Project, *SBFCo's* cash flow analysis indicates that overall debt coverage could dip below 1.0 in the first three stabilized years. However, this shortfall would be cushioned by the Debt Service Management Account as well as by an additional required interest reserve of about \$1.3 million to be established by the Developer in the form of a letter of credit to satisfy the proposed terms of the WHEDA bonds.

The above analysis suggests that if the WHEDA rate sustains an increase in the early years of the Project, debt service obligations may begin to strain Project cash flows. In turn, this would first impact the City loan, since it is subordinate to the WHEDA bonds. While inter-creditor

provisions have not yet been outlined or negotiated, WHEDA would likely insist that the City be restricted from unilaterally foreclosing as a subordinate lender. This dynamic underscores the importance of the nature of the City's loan security (primarily in the form of a guarantee from Barry Mandel) beyond its second mortgage on the Project. Overall, interest rate fluctuations are an important component of the ultimate viability of the Project, and the City should be heavily involved in any discussions with WHEDA over the mechanics of any interest rate protections or hedging approaches.

SBFCo's initial analysis suggests that the Project financing structure can tolerate interest rate fluctuations within observed recent historical ranges.

3. Incremental Property Tax Revenues and Amortization of TID Debt

In order to evaluate the time frame of repayment for the proposed City TID expenditures, *SBFCo* projected future incremental property tax revenues to be generated by the proposed Project, as well as the balance of TID 48. These projected revenues were then used to estimate the time frame for amortization of the associated TID-supported issuances of City bonds.

TID Projection Assumptions and Methodology

Table 4 on the following page shows *SBFCo*'s projections of incremental property taxes for TID 48. These projections indicate total undiscounted tax collections of about **\$51.0 million** over the base statutory life of the TID, ending with collections in 2029. Of this total, the North End Phase 1 and 2 are collectively anticipated to produce about \$14.2 million in undiscounted tax revenue. The key assumptions and methods used to develop these projections are described below.

Sources of TID Revenue

TID 48 includes a total of 142 taxkeys and is comprised of the North End parcels, three additional redevelopment projects that are underway or complete, and a group of parcels for which no development is assumed for the purposes of this projection ('Non-Redevelopment Parcels'). Each of these types of properties is projected to generate a discrete stream of TID revenues, as follows:

- **North End.** The North End is a 5-phase mixed use development of which Phase 1 (comprised of 83 for-rent apartments and 12,665 square feet of retail) is complete and Phase 2 is proposed pending adoption of this TID amendment. *SBFCo*'s projections for the purposes of this study include only these two phases.
- **Moderne.** The Moderne includes three uses for which incremental property tax revenue is anticipated: 203 for-rent apartments, 14 for-sale condominiums, and approximately 7,200 square feet of retail. The Project is anticipated to generate additional revenue for the TID through repayment of the \$9.3 million in loans that the City has committed to provide.
- **The Aloft.** The Aloft is a seven-story, 160-room hotel with approximately 5,000 square feet of ground-floor retail. As of this amendment, the hotel is open and operating, but the retail space is not occupied.
- **The Flatiron.** The Flatiron is a condominium project consisting of 38 units and 40 tax parcels. The project is fully built, and a majority of the units have been sold to residential buyers.

City of Milwaukee

Park East TID Feasibility Study: Proposed North End Phase 2 Project Loan

Table 4: TID Projections for TID 48 Overall

Inflationary Increment and All Increment due to Redevelopment Projects													
Calculations: Tax Incremental Revenue due to Inflation							Summary: Tax Incremental Revenue due to Redevelopment Projects						Total Park East TID Incremental Revenue [6]
TID Year [1]	Assmt Year	Frozen Base Value (Less project parcels) [2]	Actual/Inflated Value [3]	Incremental Value [4]	Tax Rate	Incremental Revenue: Non-Project Parcel Inflation Only [5]	The Flatiron	The North End (Phases 1 and 2)	The Moderne	The Aloft	Total Incremental Revenue: Redevelopment		
3	2004											\$ 11,357	
4	2005	\$ 43,110,400										\$ 60,227	
5	2006	\$ 43,110,400										\$ 132,205	
6	2007	\$ 43,110,400	\$ 54,983,019	\$ 11,872,619	2.31%							\$ 253,791	
7	2008	\$ 43,110,400	\$ 65,378,700	\$ 22,268,300	2.40%	\$ 274,614	7,464	\$ 49,787	\$ -	\$ 14,794	\$ 72,045	\$ 346,659	
8	2009	\$ 43,110,400	\$ 56,910,900	\$ 13,800,500	2.60%	\$ 535,107	91,953	\$ 51,725	\$ -	\$ 15,370	\$ 159,047	\$ 694,155	
9	2010	\$ 43,110,400	\$ 56,605,400	\$ 13,495,000	2.66%	\$ 358,537	213,548	\$ 220,407	\$ 12,076	\$ 13,850	\$ 459,880	\$ 818,417	
10	2011	\$ 43,110,400	\$ 57,737,508	\$ 14,627,108	2.66%	\$ 358,562	202,006	\$ 343,829	\$ 12,350	\$ 239,396	\$ 797,581	\$ 1,156,143	
11	2012	\$ 43,110,400	\$ 58,892,258	\$ 15,781,858	2.61%	\$ 388,642	202,006	\$ 343,829	\$ 12,350	\$ 244,497	\$ 802,682	\$ 1,191,325	
12	2013	\$ 43,110,400	\$ 60,070,103	\$ 16,959,703	2.56%	\$ 411,700	202,348	\$ 472,848	\$ 184,564	\$ 245,161	\$ 1,104,921	\$ 1,516,621	
13	2014	\$ 43,110,400	\$ 61,271,505	\$ 18,161,105	2.51%	\$ 434,383	202,689	\$ 620,751	\$ 215,801	\$ 245,820	\$ 1,285,060	\$ 1,719,442	
14	2015	\$ 43,110,400	\$ 62,496,935	\$ 19,386,535	2.47%	\$ 456,697	203,029	\$ 786,766	\$ 577,467	\$ 246,474	\$ 1,813,737	\$ 2,270,434	
15	2016	\$ 43,110,400	\$ 63,746,874	\$ 20,636,474	2.42%	\$ 478,649	203,370	\$ 791,978	\$ 891,654	\$ 247,124	\$ 2,134,125	\$ 2,612,774	
16	2017	\$ 43,110,400	\$ 65,021,812	\$ 21,911,412	2.38%	\$ 500,246	203,710	\$ 794,052	\$ 1,038,053	\$ 247,770	\$ 2,283,584	\$ 2,783,830	
17	2018	\$ 43,110,400	\$ 66,322,248	\$ 23,211,848	2.34%	\$ 521,495	204,049	\$ 796,114	\$ 1,039,717	\$ 248,411	\$ 2,288,291	\$ 2,809,785	
18	2019	\$ 43,110,400	\$ 67,648,693	\$ 24,538,293	2.29%	\$ 542,401	204,389	\$ 798,161	\$ 1,041,381	\$ 249,048	\$ 2,292,979	\$ 2,835,380	
19	2020	\$ 43,110,400	\$ 69,001,667	\$ 25,891,267	2.25%	\$ 562,971	204,728	\$ 800,195	\$ 1,043,044	\$ 249,681	\$ 2,297,649	\$ 2,860,620	
20	2021	\$ 43,110,400	\$ 70,381,700	\$ 27,271,300	2.21%	\$ 583,212	205,067	\$ 802,217	\$ 1,044,707	\$ 250,311	\$ 2,302,302	\$ 2,885,514	
21	2022	\$ 43,110,400	\$ 71,789,334	\$ 28,678,934	2.17%	\$ 603,129	205,405	\$ 804,226	\$ 1,046,370	\$ 250,936	\$ 2,306,937	\$ 2,910,067	
22	2023	\$ 43,110,400	\$ 73,225,121	\$ 30,114,721	2.13%	\$ 622,729	205,744	\$ 806,222	\$ 1,048,033	\$ 251,557	\$ 2,311,556	\$ 2,934,285	
23	2024	\$ 43,110,400	\$ 74,689,623	\$ 31,579,223	2.09%	\$ 642,016	206,082	\$ 808,206	\$ 1,049,696	\$ 252,175	\$ 2,316,159	\$ 2,958,175	
24	2025	\$ 43,110,400	\$ 76,183,416	\$ 33,073,016	2.06%	\$ 660,998	206,420	\$ 810,179	\$ 1,051,359	\$ 252,789	\$ 2,320,746	\$ 2,981,744	
25	2026	\$ 43,110,400	\$ 77,707,084	\$ 34,596,684	2.02%	\$ 679,679	206,757	\$ 812,140	\$ 1,053,021	\$ 253,399	\$ 2,325,317	\$ 3,004,996	
26	2027	\$ 43,110,400	\$ 79,261,226	\$ 36,150,826	2.00%	\$ 698,065	207,095	\$ 814,089	\$ 1,054,684	\$ 254,006	\$ 2,329,874	\$ 3,027,938	
27	2028	\$ 43,110,400	\$ 80,846,450	\$ 37,736,050	2.00%	\$ 723,017	209,418	\$ 823,839	\$ 1,066,458	\$ 257,046	\$ 2,356,762	\$ 3,079,778	
	2029	Collections for TID Year 27				\$ 754,721	213,643	\$ 841,077	\$ 1,087,917	\$ 262,423	\$ 2,405,059	\$ 3,159,780	
Total Proceeds, 2004 - 2029 (Not Discounted)						\$ 11,791,569	\$ 4,210,920	\$ 14,192,637	\$ 15,570,700	\$ 4,792,036	\$ 38,766,294	\$ 51,015,443	

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, actual results during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

Actual values are shown in italics.

[1] The Park East TID was formed in 2002 and is scheduled to terminate in 2029.

[2] Frozen Base Value is equal to the amended 2005 district-wide base value less the frozen base assessed value of project parcels.

[3] Actual/Inflated Value is equal to the 2009 district-wide assessed value less the 2009 project parcel assessed values, per City of Milwaukee Assessor's Office.

[4] Incremental Value is equal to Actual/Inflated Value less Frozen Base Value.

[5] Incremental Revenue is equal to Incremental Value multiplied by the Tax Rate. The value shown pertains to district-wide inflationary increment only and excludes project parcel values.

[6] Total Park East TID Incremental Revenue is equal to inflationary district-wide increment plus redevelopment increment from project parcels.

- **Non-Redevelopment parcels.** TID 48 includes taxkeys for which no redevelopment is assumed to occur for the purposes of this study. *SBFCo's* projections include tax increment only from the inflationary growth in these parcels' property values, not from any new development. If any of these parcels are redeveloped in the future, there is additional potential for the TID to realize greater revenues than those included in this feasibility report.

Appendices 1A-1D show individual TID revenue projections for the specific redevelopment projects discussed above.

Other Key Assumptions

- **Timing of Assessments.** Schedule information from the developer indicates that the building is anticipated to begin lease-up in Fall of 2012, so the Project is expected to be partially assessed in 2013. Following full lease-up of the apartment and retail components and sell-out of the condominiums, full assessment of the project is assumed to occur in 2015.
- **Property Valuation Changes.** Property value inflation rate is assumed to be 0% in 2011, and 2.00% in each year thereafter.
- **Tax Rate.** Our analysis considered historical trends in the overall City of Milwaukee property tax rate over the past 5, 10, 15, and 20-year periods. The tax rate has trended upward over the past 5 years at a compound annual rate of about 1.6%, but has moved downward over the longer analysis periods at compound annual rates ranging from about 0.53% (10-year history) to 1.86% (15-year history). For our analysis, *SBFCo* assumed that the 2010 property tax rate of 2.66% would hold constant in 2011 and then decline at an annual rate of 1.82% (the 20-year compound annual rate of change) beginning in 2012 to an overall floor of 2.00%.
- **Valuation and Phase-in Approach.** The following assumptions and methodologies were used to project future property valuations for the purposes of estimating TID revenue:
 - North End Phase 1: As of this feasibility study, the final appealed assessed value for Phase 1 was about \$11,300,000, of which, per discussions with the City Assessor's office, \$10.7MM is attributable to a fully stabilized residential apartment component, and about \$600,000 to un-occupied retail. As of June of 2011, the retail space was built out but not yet leased. Per discussions with the City Assessor, approximately \$1.4 million in total value was attributed to the 12,665 square feet of Phase 1 Retail at stabilized occupancy. On a per square foot basis, this equates to about \$111 per square foot. Per the Developer, 1,065 square feet of the retail area are now being used as a fitness center for Phase 1 residents, and therefore *SBFCo*

did not attribute any new value to this component. Also per the Developer, 2,265 square feet will be occupied as of 1/1/12. SBFCo therefore assumed that this newly occupied space would bring on additional taxable value in 2011 at \$111 per square foot, that the remaining space would be 50% absorbed by 1/1/12 and 50% by 1/1/13. The eventual occupancy and assessment of the Phase 2 retail component was also reflected in the Phase 1 column in SBFCo's projections for years 2014 and 2015 because the Developer intends to sell the 2,282 square feet of Phase 2 retail space to the Phase 1 development entity at completion. SBFCo assumed that the assessed value of this retail space would be \$111/square foot, added to the assessment rolls 50% as of 1/1/2014 as of 1/1/15. This reflects the slow pace of retail leasing that has occurred at the North End to date, and the fact that a portion of Phase 1 still remains to be leased.

- North End Phase 2. The Developer aims to break ground on Phase 2 in the fall of 2011 and complete construction within 16 months. Initial occupancy is expected to occur in the fall of 2012, and stabilized occupancy is expected to occur in the spring of 2014. Following this occupancy schedule, we assume that apartment value will first be recognized in 2012 based on construction progress throughout 2011 (partial year construction value equal to 1/3 of final stabilized total) and will continue to phase in through 2013 and 2014, when Phase 2 reaches its fully stabilized value. SBFCo assumed that the implied residential valuation per square foot of the Phase 1 post-appeal value (\$135 per square foot) would also apply to Phase 2, since the weighted average rents used by the Assessor to arrive at the Phase 1 valuation appear similar to those projected for Phase 2. This in turn translated into a stabilized value of about \$17.4 million for Phase 2.
- Aloft: SBFCo used the Aloft's actual 2010 assessed value of \$9.6 million as the assumption for the property, but did not build in additional increases in future years to reflect absorption of the retail space. This is due to the slow general pace of lease-up observed in the Park East to date and the fact that the current valuation likely already attributes some value to the vacant retail space.
- Moderne: SBFCo continued to assume the same per-square-foot valuation of approximately \$139 per square foot for the apartment component of this project as was used in 2009 feasibility study projections for the TID 48 funding increase to support the Moderne loans. For the condominium component, although the Moderne pro forma assumed sales prices of \$408 per square foot, SBFCo assumed a valuation of \$350 per square foot to account for the possibility of price concessions. For the retail portion, consistent with assumptions used in prior Park East TID projections, SBFCo assumed a value of \$111 per square foot for retail space. Phase-in of values is primarily based on the Initial Operating Deficit Reserve calculation developed by HUD in the process of final underwriting for the 221(d)4 loan for this

project. The initial month of projected occupancy is November 2012, and a gradual lease-up through early 2015 is assumed.

- Flatiron: For the 2010 valuation year, *SBFCo* used actual assessed values for all Flatiron taxkeys. In subsequent years, no additional increases in assessment were assumed other than the same inflationary growth as the balance of the district. This may be conservative, as it is our understanding that the retail space is unoccupied, and several residential units still owned by the developer may be eventually sold to end buyers at values higher than currently carries on the assessment rolls.

Projected Amortization of TID Debt

SBFCo evaluated the time frame over which the total requested Park East TID funding could be amortized using the available sources of funds. This analysis is presented in **Table 5** on the following page.

Per schedules provided by the City of Milwaukee, \$19.61 million of net bond proceeds have been attributed to TID 48 to date, excluding capitalized interest and including savings due to refunding. The amortization schedule for these bonds was incorporated into this overall analysis. In addition to the \$19.61 million bonded to date, the total Park East TID funding amount includes the following additions:

- Park East Expenditures Authorized but Not Yet Bonded: The total Park East expenditures authorized to date total approximately \$32.2 million and include:
 - \$19.96 million authorized in 2005 at the time of the last TID amendment;
 - \$1.28 million spending increase authorized in 2008; and
 - \$11 million spending increase authorized in 2009, of which \$9.3 million was to fund loans to the Moderne project, and the balance consisted of public costs including City administration

SBFCo's amortization analysis included an assumption that these costs have been/will be fully expended, and that bonds will be issued to fund them in 2011.

- Proposed New Expenditure Authority: The proposed additional expenditures for TID #48 at this time are as follows:
 - Approximately \$2.37 million of infrastructure funding for North End Phase 1 and 2 over and above the amount initially authorized in the 2005 Park East TID Plan Amendment
 - The \$4.63 million loan to the North End Phase 2 Project; and
 - An additional allowance for \$300,000 in administrative costs

SBFCo assumed that these costs would be bonded in 2011, with the exception of the North End Phase 2 loan, which was assumed for 2012 based on the likely construction time frame and the proposed drawdown order of funding sources.

City of Milwaukee
Park East TID Feasibility Study: Proposed North End Phase 2 Project Loan
Table 5: TID Amortization Calculation

<u>Bonding Assumptions</u>	
Interest Rate on Bonds Used to Fund Public Costs	4.50%
Interest Rate on Bonds Used to Fund Loans	5.00%
Cost of Funds (Local Government Investment Pool)	4.00%
Issuance Costs @	1.0%
Capitalized Interest Allowance @	10.0%
Assumed Level P&I Payments	15

<u>Funding Structure of New Bonds</u>					
	Assumed Year	Amount	Plus Issuance Costs	Capitalized Interest	Total Issuance
Authorized, Un-Bonded Costs (Tax Exempt)	2011	\$ 3,332,493	\$ 33,325	\$ 373,980	\$ 3,739,798
New Tax-Exempt Issuances	2011	\$ 2,666,551	\$ 26,666	\$ 299,246	\$ 2,992,463
Moderne Loan (Taxable)	2011	\$ 9,300,000	\$ 93,000	\$ 1,043,667	\$ 10,436,667
North End Phase 2 Loan (Taxable)	2012	\$ 4,628,940	\$ 46,289	\$ 519,470	\$ 5,194,699
TOTAL		\$ 19,927,984			\$ 22,363,627

<u>Currently Authorized Expenditures</u>	
\$ 19,962,894	Park East Authorized Funding Amount- May 2005 Amendment
\$ 1,250,202	Principal Amount Authorized per 3/28/08 Funding Increase
\$ 29,232	2009 RSMeans Adjustment to Aloft Dockwall Costs
\$ 11,000,000	2009 Funding Increase- Moderne and Other Costs
\$ 32,242,328	Subtotal- Authorized TID Net Proceeds Prior to This Increase
\$ 19,609,835	Less Net Proceeds Bonded to Date (Excl Cap I, including Refunding Savings)
\$ 12,632,493	Subtotal- Authorized Costs Yet to Bond
<u>Additional Expenditures to be Added Via Amendment</u>	
\$ 2,366,551	North End Phase 2 Accelerated Infrastructure Funding (Including cost overrun on initial budget)
\$ 4,628,940	North End Phase 2 Loan
\$ 300,000	Administrative Costs
\$ 7,295,491	Subtotal New Expenditures
<u>Taxable Bonds (Included in Above Totals)</u>	
\$ 9,300,000	Moderne Loan
\$ 4,628,940	North End Loan
\$ 13,928,940	Subtotal

										\$ 39,537,819 GRAND TOTAL TID NET PROCEEDS EXPENDITURES ANALYZED					
TID Year	Calendar Year	Projected Incremental Property Taxes	Moderne Loan Repayments	North End Phase 2 Loan Repayments	Existing Debt Service Obligations	Available Funds to Service New Debt	Debt Service -New Tax-Exempt		Debt Service- New Taxable		TID Payoff Analysis				
							TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Annual Surplus/(Shortfall)	Cumulative Fund Balance	Interest Earnings/(Carry Cost) on Cuml. Balance	TID Able to Repay Princ. Balance	
0	2001	\$ -			\$ (852)	\$ (852)					\$ (852)	\$ (852)	\$ (34)	NO	
1	2002	\$ -			\$ (13,597)	\$ (13,597)					\$ (13,597)	\$ (14,483)	\$ (579)	NO	
2	2003	\$ -			\$ (72,081)	\$ (72,081)					\$ (72,081)	\$ (87,143)	\$ (3,486)	NO	
3	2004	\$ 11,357			\$ (140,333)	\$ (128,976)					\$ (128,976)	\$ (219,605)	\$ (8,784)	NO	
4	2005	\$ 60,227			\$ (463,418)	\$ (403,191)					\$ (403,191)	\$ (631,581)	\$ (25,263)	NO	
5	2006	\$ 132,205			\$ (915,405)	\$ (783,200)					\$ (783,200)	\$ (1,440,044)	\$ (57,602)	NO	
6	2007	\$ 253,791			\$ (963,333)	\$ (709,542)					\$ (709,542)	\$ (2,207,188)	\$ (88,288)	NO	
7	2008	\$ 346,659			\$ (1,412,583)	\$ (1,065,924)					\$ (1,065,924)	\$ (3,361,400)	\$ (134,456)	NO	
8	2009	\$ 694,155			\$ (1,458,304)	\$ (764,149)	\$ -		\$ -		\$ (764,149)	\$ (4,260,005)	\$ (170,400)	NO	
9	2010	\$ 818,417			\$ (1,528,012)	\$ (709,596)	\$ -		\$ -		\$ (709,596)	\$ (5,140,000)	\$ (205,600)	NO	
10	2011	\$ 1,156,143			\$ (1,578,492)	\$ (422,348)	\$ 6,732,261		\$ 10,436,667		\$ (422,348)	\$ (5,767,949)	\$ (230,718)	NO	
11	2012	\$ 1,191,325	\$ -	7,847	\$ (1,609,237)	\$ (410,066)	\$ -	\$ -	\$ 5,194,699		\$ (410,066)	\$ (6,408,733)	\$ (256,349)	NO	
12	2013	\$ 1,516,621	\$ 5,000,000	252,324	\$ (1,734,970)	\$ 5,033,975	\$ -	\$ -	\$ -	\$ -	\$ 5,033,975	\$ (1,631,107)	\$ (65,244)	NO	
13	2014	\$ 1,719,442	\$ 2,500,000	254,592	\$ (1,678,946)	\$ 2,795,088	\$ -	\$ (626,866)	\$ -	\$ (1,005,492)	\$ 1,162,730	\$ (533,622)	\$ (21,345)	NO	
14	2015	\$ 2,270,434	\$ 2,500,000	343,323	\$ (1,945,073)	\$ 3,168,685	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ 1,035,857	\$ 480,890	\$ 19,236	NO	
15	2016	\$ 2,612,774		343,448	\$ (2,266,720)	\$ 689,503	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ (1,443,325)	\$ (943,199)	\$ (37,728)	NO	
16	2017	\$ 2,783,830		343,580	\$ (2,333,724)	\$ 793,686	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ (1,339,142)	\$ (2,320,068)	\$ (92,803)	NO	
17	2018	\$ 2,809,785		343,720	\$ (2,366,701)	\$ 786,804	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ (1,346,024)	\$ (3,758,895)	\$ (150,356)	NO	
18	2019	\$ 2,835,380		343,867	\$ (2,347,576)	\$ 831,671	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ (1,301,157)	\$ (5,210,408)	\$ (208,416)	NO	
19	2020	\$ 2,860,620		344,023	\$ (2,272,784)	\$ 931,859	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ (1,200,969)	\$ (6,619,792)	\$ (264,792)	NO	
20	2021	\$ 2,885,514		644,187	\$ (2,135,672)	\$ 1,394,028	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ (738,800)	\$ (7,623,384)	\$ (304,935)	NO	
21	2022	\$ 2,910,067		327,861	\$ (1,797,970)	\$ 1,439,957	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ (692,871)	\$ (8,621,190)	\$ (344,848)	NO	
22	2023	\$ 2,934,285		328,044	\$ (549,030)	\$ 2,713,299	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ 580,471	\$ (8,385,567)	\$ (335,423)	NO	
23	2024	\$ 2,958,175		328,238	\$ (361,435)	\$ 2,924,978	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ 792,151	\$ (7,928,839)	\$ (317,154)	NO	
24	2025	\$ 2,981,744		328,443	\$ (330,043)	\$ 2,980,143	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ 847,315	\$ (7,398,677)	\$ (295,947)	NO	
25	2026	\$ 3,004,996		328,659	\$ (74,697)	\$ 3,258,958	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ 1,126,130	\$ (6,568,495)	\$ (262,740)	NO	
26	2027	\$ 3,027,938		3,020,528	\$ (73,483)	\$ 5,974,983	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ 3,842,155	\$ (2,989,079)	\$ (119,563)	NO	
27	2028	\$ 3,079,778			\$ -	\$ 3,079,778	\$ -	\$ (626,866)	\$ -	\$ (1,505,962)	\$ 946,950	\$ (2,161,692)	\$ (86,468)	NO	
	2029	\$ 3,159,780			\$ -	\$ 3,159,780	\$ -	\$ -	\$ -	\$ (500,469)	\$ 2,659,311	\$ 411,151	\$ 16,446	YES	
TOTALS (Park East with Phase 2)		\$ 51,015,443	\$ 10,000,000	\$ 7,882,683	\$ (32,424,470)	\$ 36,473,655	\$ 6,732,261	\$ (9,402,996)	\$ 15,631,366	\$ (22,589,423)	\$ 4,481,236	\$ 411,151	\$ (4,053,638)		

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, actual results during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

METHODOLOGY

These projections replicate the issuance of one or more bonds to support the TIF subsidy, and are based on the following key assumptions:

- **Bond Interest Rates.** *SBFCo* assumed an interest rate of 4.5% on bonds for expenditures other than those intended to fund loans, reflective of the City of Milwaukee’s approximate cost of funds frequently used for TID feasibility analysis. For City bond issued to fund the Moderne and North End Phase 2 loans, *SBFCo* assumed a 5.0% cost of funds, based on initial bond underwriting analyses obtained by the City.
- **Term, Target Debt Service, and Carry Costs.** Reflecting discussions with the Office of the City Comptroller, the projections assume two years of interest-only payments, followed by fifteen years of level principal and interest payments. The interest-only payments in the first two years of the financing are assumed to be covered by the capitalized interest allowance discussed below. For the fifteen level payment years following the interest-only period, a “TID Annual Debt Service Target” is defined. This amount is equal to the annual level-payment debt service on a 15-year amortization of the total bond issue. In each of the 15 amortization years, this Annual Debt Service Target is compared to the available Repayment Sources. Any shortfalls relative to this target are accrued and carry a 4% annual interest charge until they are repaid. Any surpluses versus the target are used to pay down the accumulated shortfalls.
- **Issuance Costs and Capitalized Interest.** *SBFCo* assumed an issuance cost of 1.00%, and a capitalized interest allowance equal to 10% of net proceeds and issuance costs.
- **Loan Repayments.** *SBFCo* included the anticipated repayment revenues for the Moderne and North End Phase 2 loans in this analysis as a source of funds to amortize the TID costs.

Based on these amortization assumptions and the underlying TID projection assumptions, *SBFCo* projects that the proposed new Park East TID bonded amount, including the \$7.295 million in additional costs associated with North End Phase 2 and City administration, can be amortized by 2029—the collection year for the 27th and final year of the TID within its base statutory life.

It should be again noted that no additional Park East sites other than the Moderne and those already under development are factored into this analysis, offering additional potential for the TID to realize new revenue streams not included in this analysis.

Appendix 1: TID Projection Detail

Appendix 1A: TID Projections for North End Phase 1 & 2

Blocks 23, 24 & 27: The North End					Phase 1	Phase 2						
TID Year	Assmt Year	Frozen Base Value	Inflation Factor	Actual/Inflated Value	Annual Value Additions: Retail	Annual Value Additions: Apartments	Total Annual Value Additions	Cumulative Value Additions	Value Deductions (Ph 2 Site existing Value as inflated)	Incremental Value	Tax Rate	Annual Incremental Revenue
4	2005	\$ 1,902,500										
5	2006	\$ 1,902,500										
6	2007	\$ 1,902,500		\$ 4,055,000						\$ 2,152,500	2.31%	
7	2008	\$ 1,902,500		\$ 4,055,000						\$ 2,152,500	2.40%	49,787
8	2009	\$ 1,902,500		\$ 10,386,200						\$ 8,483,700	2.60%	51,725
9	2010	\$ 1,902,500	1.00	\$ 14,843,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,940,500	2.66%	220,407
10	2011	\$ 1,902,500	1.00	\$ 14,843,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,940,500	2.66%	343,829
11	2012	\$ 1,902,500	1.02	\$ 15,139,860	\$ 251,415	\$ 5,751,450	\$ 6,002,865	\$ 6,002,865	\$ 1,114,350	\$ 18,125,875	2.61%	343,829
12	2013	\$ 1,902,500	1.04	\$ 15,442,657	\$ 216,846	\$ 5,492,831	\$ 5,709,678	\$ 11,832,599	\$ 1,136,637	\$ 24,236,120	2.56%	472,848
13	2014	\$ 1,902,500	1.06	\$ 15,751,510	\$ 343,497	\$ 6,184,354	\$ 6,527,852	\$ 18,597,103	\$ 1,159,370	\$ 31,286,744	2.51%	620,751
14	2015	\$ 1,902,500	1.08	\$ 16,066,541	\$ 126,651	\$ -	\$ 126,651	\$ 19,095,696	\$ 1,182,557	\$ 32,077,180	2.47%	786,766
15	2016	\$ 1,902,500	1.10	\$ 16,387,871	\$ -	\$ -	\$ -	\$ 19,477,610	\$ 1,206,208	\$ 32,756,773	2.42%	791,978
16	2017	\$ 1,902,500	1.13	\$ 16,715,629	\$ -	\$ -	\$ -	\$ 19,867,162	\$ 1,230,332	\$ 33,449,959	2.38%	794,052
17	2018	\$ 1,902,500	1.15	\$ 17,049,941	\$ -	\$ -	\$ -	\$ 20,264,506	\$ 1,254,939	\$ 34,157,008	2.34%	796,114
18	2019	\$ 1,902,500	1.17	\$ 17,390,940	\$ -	\$ -	\$ -	\$ 20,669,796	\$ 1,280,038	\$ 34,878,198	2.29%	798,161
19	2020	\$ 1,902,500	1.20	\$ 17,738,759	\$ -	\$ -	\$ -	\$ 21,083,192	\$ 1,305,639	\$ 35,613,812	2.25%	800,195
20	2021	\$ 1,902,500	1.22	\$ 18,093,534	\$ -	\$ -	\$ -	\$ 21,504,855	\$ 1,331,751	\$ 36,364,138	2.21%	802,217
21	2022	\$ 1,902,500	1.24	\$ 18,455,405	\$ -	\$ -	\$ -	\$ 21,934,953	\$ 1,358,386	\$ 37,129,471	2.17%	804,226
22	2023	\$ 1,902,500	1.27	\$ 18,824,513	\$ -	\$ -	\$ -	\$ 22,373,652	\$ 1,385,554	\$ 37,910,110	2.13%	806,222
23	2024	\$ 1,902,500	1.29	\$ 19,201,003	\$ -	\$ -	\$ -	\$ 22,821,125	\$ 1,413,265	\$ 38,706,363	2.09%	808,206
24	2025	\$ 1,902,500	1.32	\$ 19,585,023	\$ -	\$ -	\$ -	\$ 23,277,547	\$ 1,441,531	\$ 39,518,540	2.06%	810,179
25	2026	\$ 1,902,500	1.35	\$ 19,976,724	\$ -	\$ -	\$ -	\$ 23,743,098	\$ 1,470,361	\$ 40,346,961	2.02%	812,140
26	2027	\$ 1,902,500	1.37	\$ 20,376,258	\$ -	\$ -	\$ -	\$ 24,217,960	\$ 1,499,768	\$ 41,191,950	2.00%	814,089
27	2028	\$ 1,902,500	1.40	\$ 20,783,783	\$ -	\$ -	\$ -	\$ 24,702,319	\$ 1,529,764	\$ 42,053,839	2.00%	823,839
	2029	\$ 1,902,500	Collections for TID Year 27									841,077
Total Proceeds, 2008 - 2029 (Not Discounted)												14,192,637

City of Milwaukee

Park East TID Feasibility Study: Proposed North End Phase 2 Project Loan

Appendix 1B: TID Projections for Moderne Project

The Moderne Building														
TID Year	Assmt Year	Inflation Factor	Frozen Base AV	Actual/Inflated Value	Moderne Project New Development					Incremental AV due to Project	Property Tax Rate	Annual Incremental Tax Revenue Due to Project	Cumulative Incremental Tax Revenue due to Project	
					Annual Apartment Additions	Annual Condo Additions	Annual Retail Additions	Cumulative Additions	Deductions					
8	2009	1.00	\$ 323,000	\$ 787,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 464,800	2.60%			
9	2010	1.00	\$ 323,000	\$ 787,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 464,800	2.66%	\$ 12,076	\$ 12,076	
10	2011	1.00	\$ 323,000	\$ 787,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 464,800	2.66%	\$ 12,350	\$ 24,425	
11	2012	1.02	\$ 323,000	\$ 803,556	\$ 7,397,970	\$ -	\$ -	\$ 7,397,970	\$ 803,556	\$ 7,074,970	2.61%	\$ 12,350	\$ 36,775	
12	2013	1.02	\$ 323,000	\$ 819,627	\$ 1,202,626	\$ -	\$ -	\$ 8,748,555	\$ 819,627	\$ 8,425,555	2.56%	\$ 184,564	\$ 221,339	
13	2014	1.02	\$ 323,000	\$ 836,020	\$ 8,746,369	\$ 5,616,800	\$ -	\$ 23,286,695	\$ 836,020	\$ 22,963,695	2.51%	\$ 215,801	\$ 437,140	
14	2015	1.02	\$ 323,000	\$ 852,740	\$ 9,475,233	\$ 2,808,400	\$ 401,265	\$ 36,437,327	\$ 852,740	\$ 36,114,327	2.47%	\$ 577,467	\$ 1,014,607	
15	2016	1.02	\$ 323,000	\$ 869,795	\$ 2,769,683	\$ 2,808,400	\$ 401,265	\$ 43,145,422	\$ 869,795	\$ 42,822,422	2.42%	\$ 891,654	\$ 1,906,261	
16	2017	1.02	\$ 323,000	\$ 887,191	\$ -	\$ -	\$ -	\$ 44,008,331	\$ 887,191	\$ 43,685,331	2.38%	\$ 1,038,053	\$ 2,944,313	
17	2018	1.02	\$ 323,000	\$ 904,935	\$ -	\$ -	\$ -	\$ 44,888,497	\$ 904,935	\$ 44,565,497	2.34%	\$ 1,039,717	\$ 3,984,030	
18	2019	1.02	\$ 323,000	\$ 923,033	\$ -	\$ -	\$ -	\$ 45,786,267	\$ 923,033	\$ 45,463,267	2.29%	\$ 1,041,381	\$ 5,025,411	
19	2020	1.02	\$ 323,000	\$ 941,494	\$ -	\$ -	\$ -	\$ 46,701,993	\$ 941,494	\$ 46,378,993	2.25%	\$ 1,043,044	\$ 6,068,455	
20	2021	1.02	\$ 323,000	\$ 960,324	\$ -	\$ -	\$ -	\$ 47,636,032	\$ 960,324	\$ 47,313,032	2.21%	\$ 1,044,707	\$ 7,113,162	
21	2022	1.02	\$ 323,000	\$ 979,530	\$ -	\$ -	\$ -	\$ 48,588,753	\$ 979,530	\$ 48,265,753	2.17%	\$ 1,046,370	\$ 8,159,533	
22	2023	1.02	\$ 323,000	\$ 999,121	\$ -	\$ -	\$ -	\$ 49,560,528	\$ 999,121	\$ 49,237,528	2.13%	\$ 1,048,033	\$ 9,207,566	
23	2024	1.02	\$ 323,000	\$ 1,019,103	\$ -	\$ -	\$ -	\$ 50,551,739	\$ 1,019,103	\$ 50,228,739	2.09%	\$ 1,049,696	\$ 10,257,262	
24	2025	1.02	\$ 323,000	\$ 1,039,485	\$ -	\$ -	\$ -	\$ 51,562,774	\$ 1,039,485	\$ 51,239,774	2.06%	\$ 1,051,359	\$ 11,308,620	
25	2026	1.02	\$ 323,000	\$ 1,060,275	\$ -	\$ -	\$ -	\$ 52,594,029	\$ 1,060,275	\$ 52,271,029	2.02%	\$ 1,053,021	\$ 12,361,641	
26	2027	1.02	\$ 323,000	\$ 1,081,481	\$ -	\$ -	\$ -	\$ 53,645,910	\$ 1,081,481	\$ 53,322,910	2.00%	\$ 1,054,684	\$ 13,416,325	
27	2028	1.02	\$ 323,000	\$ 1,103,110	\$ -	\$ -	\$ -	\$ 54,718,828	\$ 1,103,110	\$ 54,395,828	2.00%	\$ 1,066,458	\$ 14,482,783	
	2029	Collections for TID Year 27											\$ 1,087,917	\$ 15,570,700
Total Proceeds, 2009-2029 (Not Discounted)												\$ 15,570,700	\$ 15,570,700	

City of Milwaukee

Park East TID Feasibility Study: Proposed North End Phase 2 Project Loan

Appendix 1C: TID Projections for Aloft Project

Block 10: Aloft													
TID Year	Assmt Year	Frozen Base Value	Inflation Factor	Actual/Inflated Value	Annual Value Additions: General Retail	Annual Value Additions: Hotel	Cumulative Value Additions	Value Deductions	Incremental Value	Tax Rate	Annual Incremental Revenue	Cumulative Incremental Revenue	
4	2005	\$ 590,000											
5	2006	\$ 590,000											
6	2007	\$ 590,000		\$ 1,229,600	\$ -	\$ -	\$ -	\$ -	\$ 639,600	2.31%			
7	2008	\$ 590,000		\$ 1,229,600	\$ -	\$ -	\$ -	\$ -	\$ 639,600	2.40%	\$ 14,794	\$ 14,794	
8	2009	\$ 590,000		\$ 1,123,100	\$ -	\$ -	\$ -	\$ -	\$ 533,100	2.60%	\$ 15,370	\$ 30,164	
9	2010	\$ 590,000	1.00	\$ 1,123,100	\$ -	\$ 9,600,000	\$ 9,600,000	\$ 1,123,100	\$ 9,010,000	2.66%	\$ 13,850	\$ 44,013	
10	2011	\$ 590,000	1.00	\$ 1,145,562	\$ -	\$ -	\$ 9,792,000	\$ 1,145,562	\$ 9,202,000	2.66%	\$ 239,396	\$ 283,409	
11	2012	\$ 590,000	1.02	\$ 1,168,473	\$ -	\$ -	\$ 9,987,840	\$ 1,168,473	\$ 9,397,840	2.61%	\$ 244,497	\$ 527,906	
12	2013	\$ 590,000	1.04	\$ 1,191,843	\$ -	\$ -	\$ 10,187,597	\$ 1,191,843	\$ 9,597,597	2.56%	\$ 245,161	\$ 773,067	
13	2014	\$ 590,000	1.06	\$ 1,215,680	\$ -	\$ -	\$ 10,391,349	\$ 1,215,680	\$ 9,801,349	2.51%	\$ 245,820	\$ 1,018,887	
14	2015	\$ 590,000	1.08	\$ 1,239,993	\$ -	\$ -	\$ 10,599,176	\$ 1,239,993	\$ 10,009,176	2.47%	\$ 246,474	\$ 1,265,361	
15	2016	\$ 590,000	1.10	\$ 1,264,793	\$ -	\$ -	\$ 10,811,159	\$ 1,264,793	\$ 10,221,159	2.42%	\$ 247,124	\$ 1,512,485	
16	2017	\$ 590,000	1.13	\$ 1,290,089	\$ -	\$ -	\$ 11,027,382	\$ 1,290,089	\$ 10,437,382	2.38%	\$ 247,770	\$ 1,760,255	
17	2018	\$ 590,000	1.15	\$ 1,315,891	\$ -	\$ -	\$ 11,247,930	\$ 1,315,891	\$ 10,657,930	2.34%	\$ 248,411	\$ 2,008,666	
18	2019	\$ 590,000	1.17	\$ 1,342,208	\$ -	\$ -	\$ 11,472,889	\$ 1,342,208	\$ 10,882,889	2.29%	\$ 249,048	\$ 2,257,714	
19	2020	\$ 590,000	1.20	\$ 1,369,053	\$ -	\$ -	\$ 11,702,346	\$ 1,369,053	\$ 11,112,346	2.25%	\$ 249,681	\$ 2,507,396	
20	2021	\$ 590,000	1.22	\$ 1,396,434	\$ -	\$ -	\$ 11,936,393	\$ 1,396,434	\$ 11,346,393	2.21%	\$ 250,311	\$ 2,757,706	
21	2022	\$ 590,000	1.24	\$ 1,424,362	\$ -	\$ -	\$ 12,175,121	\$ 1,424,362	\$ 11,585,121	2.17%	\$ 250,936	\$ 3,008,642	
22	2023	\$ 590,000	1.27	\$ 1,452,850	\$ -	\$ -	\$ 12,418,624	\$ 1,452,850	\$ 11,828,624	2.13%	\$ 251,557	\$ 3,260,199	
23	2024	\$ 590,000	1.29	\$ 1,481,907	\$ -	\$ -	\$ 12,666,996	\$ 1,481,907	\$ 12,076,996	2.09%	\$ 252,175	\$ 3,512,374	
24	2025	\$ 590,000	1.32	\$ 1,511,545	\$ -	\$ -	\$ 12,920,336	\$ 1,511,545	\$ 12,330,336	2.06%	\$ 252,789	\$ 3,765,162	
25	2026	\$ 590,000	1.35	\$ 1,541,776	\$ -	\$ -	\$ 13,178,743	\$ 1,541,776	\$ 12,588,743	2.02%	\$ 253,399	\$ 4,018,561	
26	2027	\$ 590,000	1.37	\$ 1,572,611	\$ -	\$ -	\$ 13,442,318	\$ 1,572,611	\$ 12,852,318	2.00%	\$ 254,006	\$ 4,272,567	
27	2028	\$ 590,000	1.40	\$ 1,604,063	\$ -	\$ -	\$ 13,711,164	\$ 1,604,063	\$ 13,121,164	2.00%	\$ 257,046	\$ 4,529,613	
	2029	Collections for TID Year 27										\$ 262,423	\$ 4,792,036
Total Proceeds, 2008 - 2029 (Not Discounted)												\$ 4,792,036	\$ 4,792,036

City of Milwaukee

Park East TID Feasibility Study: Proposed North End Phase 2 Project Loan

Appendix 1D: TID Projections for Flatiron Project

Flatiron Tax Incremental Revenue Projections													
TID Year	Assmt Year	Frozen Base Value	Inflation Factor	Actual/Inflated Value	Annual Value Additions: Retail	Annual Value Additions: Condominium	Cumulative Value Additions	Value Deductions	Incremental Value	Tax Rate	Annual Incremental Revenue	Cumulative Incremental Revenue	
4	2005	\$ 90,900											
5	2006	\$ 90,900											
6	2007	\$ 90,900		\$ 413,600	\$ -	\$ -	\$ -	\$ -	\$ 322,700	2.31%			
7	2008	\$ 90,900		\$ 3,917,500	\$ -	\$ -	\$ -	\$ -	\$ 3,826,600	2.40%	7,464	\$ 7,464	
8	2009	\$ 90,900		\$ 8,310,600	\$ -	\$ -	\$ -	\$ -	\$ 8,219,700	2.60%	91,953	\$ 99,417	
9	2010	\$ 90,900	1.00	\$ 7,693,700	\$ -	\$ -	\$ -	\$ -	\$ 7,602,800	2.66%	213,548	\$ 312,965	
10	2011	\$ 90,900	1.00	\$ 7,693,700	\$ -	\$ -	\$ -	\$ -	\$ 7,602,800	2.66%	202,006	\$ 514,971	
11	2012	\$ 90,900	1.02	\$ 7,847,574	\$ -	\$ -	\$ -	\$ -	\$ 7,756,674	2.61%	202,006	\$ 716,978	
12	2013	\$ 90,900	1.04	\$ 8,004,525	\$ -	\$ -	\$ -	\$ -	\$ 7,913,625	2.56%	202,348	\$ 919,326	
13	2014	\$ 90,900	1.06	\$ 8,164,616	\$ -	\$ -	\$ -	\$ -	\$ 8,073,716	2.51%	202,689	\$ 1,122,014	
14	2015	\$ 90,900	1.08	\$ 8,327,908	\$ -	\$ -	\$ -	\$ -	\$ 8,237,008	2.47%	203,029	\$ 1,325,044	
15	2016	\$ 90,900	1.10	\$ 8,494,466	\$ -	\$ -	\$ -	\$ -	\$ 8,403,566	2.42%	203,370	\$ 1,528,413	
16	2017	\$ 90,900	1.13	\$ 8,664,356	\$ -	\$ -	\$ -	\$ -	\$ 8,573,456	2.38%	203,710	\$ 1,732,123	
17	2018	\$ 90,900	1.15	\$ 8,837,643	\$ -	\$ -	\$ -	\$ -	\$ 8,746,743	2.34%	204,049	\$ 1,936,173	
18	2019	\$ 90,900	1.17	\$ 9,014,396	\$ -	\$ -	\$ -	\$ -	\$ 8,923,496	2.29%	204,389	\$ 2,140,561	
19	2020	\$ 90,900	1.20	\$ 9,194,684	\$ -	\$ -	\$ -	\$ -	\$ 9,103,784	2.25%	204,728	\$ 2,345,289	
20	2021	\$ 90,900	1.22	\$ 9,378,577	\$ -	\$ -	\$ -	\$ -	\$ 9,287,677	2.21%	205,067	\$ 2,550,356	
21	2022	\$ 90,900	1.24	\$ 9,566,149	\$ -	\$ -	\$ -	\$ -	\$ 9,475,249	2.17%	205,405	\$ 2,755,761	
22	2023	\$ 90,900	1.27	\$ 9,757,472	\$ -	\$ -	\$ -	\$ -	\$ 9,666,572	2.13%	205,744	\$ 2,961,505	
23	2024	\$ 90,900	1.29	\$ 9,952,621	\$ -	\$ -	\$ -	\$ -	\$ 9,861,721	2.09%	206,082	\$ 3,167,587	
24	2025	\$ 90,900	1.32	\$ 10,151,674	\$ -	\$ -	\$ -	\$ -	\$ 10,060,774	2.06%	206,420	\$ 3,374,007	
25	2026	\$ 90,900	1.35	\$ 10,354,707	\$ -	\$ -	\$ -	\$ -	\$ 10,263,807	2.02%	206,757	\$ 3,580,764	
26	2027	\$ 90,900	1.37	\$ 10,561,801	\$ -	\$ -	\$ -	\$ -	\$ 10,470,901	2.00%	207,095	\$ 3,787,859	
27	2028	\$ 90,900	1.40	\$ 10,773,037	\$ -	\$ -	\$ -	\$ -	\$ 10,682,137	2.00%	209,418	\$ 3,997,277	
	2029	Collections for TID Year 27										213,643	\$ 4,210,920
Total Proceeds, 2008 - 2029 (Not Discounted)												4,210,920	4,210,920

Term Sheet 6/22.1/2001
The North End Phase II
Loan Agreement between USL Land Phase I, LLC, and the City of Milwaukee
June 22, 2011

<u>Project:</u>	<p>North End Phase II, a 155-unit multi-family residential, retail and structured parking project containing 80% market-rate units and 20% units affordable to households earning no more than 60% of County Median Income.</p> <p>Senior financing to be provided by WHEDA in the form of variable rate tax-exempt bonds in an anticipated amount of \$26.185 million.</p> <p>Total Project costs are estimated at \$36.7 million.</p>
<u>Developer/ Borrower:</u>	USL Phase I Land, LLC
<u>Zoning/Design Review:</u>	The Project is within the Park East Redevelopment Boundary/RED Zoning and is subject to, and being developed in accordance with, the standards required by these regulatory documents.
<u>Project Budget:</u>	<p>Total Project budget is approximately \$36.7 million. Estimated total sources include:</p> <ul style="list-style-type: none"> • WHEDA Bonds – senior \$26,185,000 • City loan – described below \$4,628,940 • Retail purchase proceeds \$228,200 • Cash equity (Series B Bond) \$4,950,000 • Equity – Deferred Dev. Fee \$713,849 <p>Additional detail on the Project budget is found in Exhibit A.</p>
<u>City/RACM Funding:</u>	<ol style="list-style-type: none"> 1. A \$2.2 million infrastructure grant from Park East TID proceeds, through modification of Developer's existing Development Agreement with City of Milwaukee to allow accelerated grant funding. 2. A \$4,628,940 junior construction/permanent loan with terms as set forth below(the "RACM Loan"). RACM and/or City will utilize its best efforts to fund the RACM Loan with the proceeds

	of Midwest Disaster Area Bonds.
<u>Lender:</u>	Redevelopment Authority of the City of Milwaukee (RACM)
<u>Loan Term:</u>	18 years, but due on sale or refinance
<u>Interest Rate:</u>	5.5% fixed rate throughout loan term.
<u>Amortization:</u>	<p>Interest-only for first 3 years, including construction period.</p> <p><u>Base Amortization:</u> Commencing in Year Four, minimum payments of principal equivalent to a 25-year amortization schedule based on level principal and interest payments at a 5.5% annual interest rate.</p> <p><u>Payment of Interest Savings:</u> in years where the weighted average annual interest cost on the WHEDA Bonds is less than 5.0%, Interest Savings shall be calculated and set aside from cash flow after payment of scheduled WHEDA Bond debt service.</p> <ul style="list-style-type: none"> • Interest Savings, shall be calculated as the difference between the actual annual interest cost, adjusted for the effect of any interest rate hedging instruments (plus annual fees paid to WHEDA, letter-of-credit fees or liquidity fees paid with respect to the Bonds, remarketing and trustee expenses) paid on the WHEDA Bonds for that year compared with the interest cost if the rate on the WHEDA Bonds (plus the expenses listed above) had been 5.0% for the year. This calculation shall exclude contributions toward the WHEDA Interest Reserve described herein. Interest Savings shall also include remaining Construction Interest reserve amounts at stabilization as described in ‘Treatment of Remaining Reserves at Stabilization’, herein. Additional principal payments shall be made to RACM from Interest Savings as follow: • The first cumulative \$600,000 of Interest Savings shall be paid into a Debt Service Management Account (DSMA), as more particularly described below, maintained by Borrower. Thereafter, and notwithstanding any withdrawals or payments from the Debt Service Management Account, 50% of such Interest Savings shall be paid to RACM as additional principal on the RACM Loan.

	<ul style="list-style-type: none"> The Developer's obligation to pay 50% of Interest Savings to RACM shall be subordinate to WHEDA Bonds and interest owed to RACM and Base Amortization payment, but senior to all other Project obligations. <p>WHEDA shall require Borrower to create and maintain an Interest Reserve equal to 5% of the outstanding principal amount of the WHEDA bonds, subject to debt coverage tests. Any funds used by the Borrower to satisfy such Interest Reserve requirements, whether with cash, letter of credit, or other means, except funds from the \$350,000 Operating Deficit / Rent-Up Reserve required by WHEDA, shall be subordinate to the City's rights to sharing of Interest Savings.</p> <p>Interest due on the RACM Loan in subsequent years shall be calculated based on the then-current balance of the RACM Loan but shall not change the scheduled Base Amortization principal payment.</p>
<u>10th Anniversary Payment</u>	On the tenth anniversary of the closing of the RACM Loan, Developer/Borrower shall make a one-time additional principal payment on the RACM loan in the amount of \$300,000.
<u>Developer Fee:</u>	<p>Developer Fee shall be limited to 3.86% of Total Development Costs – no more than \$1.43 million.</p> <p>A minimum of 50% of the Developer Fee shall be deferred and payable from project cash flow after completion, subordinate to all debt obligations.</p>
<u>Purchase of Retail Space:</u>	At closing, a Developer affiliate (North End Phase I, LLC) shall fund 100% of the purchase proceeds for 2,282 square feet of Project retail space, to be deposited into Project construction escrow and used for Project construction. The minimum purchase price shall be 2,282 square feet multiplied by \$100 per square foot, or \$228,200.
<u>"B Bonds":</u>	RACM will facilitate the issuance of approximately \$4.95 million (net proceeds) of "B Bonds" – unsecured, fixed-rate, tax-exempt bonds payable from Project cash flow via the Midwest Disaster Area Bond program. The anticipated interest rate on the B Bonds is 9%. These B Bonds shall be subordinate to the WHEDA Bonds and RACM Loan with no bondholder remedies that could force a default on the WHEDA bonds or RACM Loan. A letter of credit may be used to delay funding B Bond proceeds (see "Order of Disbursement" section), in which case, the Project budget shall not include any capitalized interest payments to B Bond holders. If such letter of credit cannot be used, the Project budget

	shall include not more than one year's capitalized interest, not to exceed \$445,500. Under no circumstances shall construction interest savings, prior to stabilization, if any, be used to make such payments to B Bond holders.
<u>Sources Subordinate to RACM Loan:</u>	Developer shall raise a minimum of \$5.66 million in equity (including deferred Developer Fee but excluding retail space purchase proceeds) and B Bond proceeds.
<u>Order of Disbursement:</u>	Equity, Retail Space Sale Proceeds, B Bond Proceeds, and unless otherwise required by WHEDA, (and negotiated with the City via an intercreditor agreement with WHEDA), WHEDA Bond proceeds shall be fully expended before RACM loan proceeds may be drawn. Subject to WHEDA approval, Developer will use a letter of credit to delay funding of B Bond proceeds until after WHEDA Bond proceeds are fully disbursed, but before the RACM Loan is disbursed.
<u>Final Draw and Treatment of Net Savings</u>	Prior to the final disbursement of RACM Loan proceeds, the actual Project Total Development Costs shall be reviewed against the initial budget at closing to calculate a Net Savings Amount, if any. This calculation shall identify any Net Savings against budgeted development costs, exclusive of any savings against budgeted operating deficit and construction period interest reserves, but allowing for netting between other line items. Such Net Savings shall reduce the RACM Loan amount, either via funds never being drawn or via an immediate return of principal. Notwithstanding the above, any net savings against pro forma interest reserves and / or operating deficit reserves may be used to offset an overall net overage in total development costs.
<u>Treatment of Remaining Reserves at Stabilization</u>	Following completion of construction and Project "Stabilization", all amounts remaining in the Project Construction Interest account, after taking into account negative arbitrage during the construction period, shall be treated as Interest Savings as described in "Amortization." Stabilization ("Stabilization") shall mean three consecutive months where project income exceeds project expenses, with property taxes calculated, and pro-rated, on an accrual basis. Project expenses shall include debt service on the WHEDA loan at an assumed rate of 5.0% and debt service on the RACM Loan.
<u>Debt Service Management Account</u>	<p>At or prior to Project Stabilization, a Debt Service Management Account (DSMA) shall be created. The DSMA shall be a segregated cash account not to be commingled with other Project funds or reserves. Funds in the DSMA shall only be used for the following purposes:</p> <ul style="list-style-type: none"> • Payment of interest on the WHEDA Bonds in periods when the

	<p>all-in rate on the WHEDA Bonds is greater than 5.0%;</p> <ul style="list-style-type: none"> • Purchases of interest rate hedging instruments (e.g. swaps, caps, etc.) that serve to reduce interest rate risk; • Replenishments of the Interest Reserve (5% of outstanding principal amount) that may be required under the WHEDA Bond documents.
<u>Security:</u>	<ul style="list-style-type: none"> • Second mortgage on Phase II Project • Second priority assignment of rents and leases • Construction Completion Guaranty from Barry Mandel (“Guarantor”) • Full Payment Guaranty from Barry Mandel • Negative Pledge on DSMA
<u>City “Kicker” Payment:</u>	<p>Upon sale or refinance, a \$500,000 payment shall be made to the City/RACM if such sale or refinance event generates sufficient funds to repay the B Bonds, subject to availability of sufficient proceeds after B Bond repayment.</p>
<u>Priority of Cash Flow</u>	<p>Project cash flow after operating expenses shall be used as follows:</p> <ul style="list-style-type: none"> • Scheduled interest and principal payments on WHEDA Bonds • Required contributions to the Replacement Reserve of up to \$3900 per month per WHEDA requirements • Scheduled interest and principal payments on the City/RACM Loan • Initial funding of the DSMA • Interest Savings Payments payable to RACM • 10th Anniversary Payment (only upon the 10th Anniversary) • Payments to the holders of the B Bonds <p>Management Fee and other similar payments to Developer or Developer affiliates shall be limited to 5% of 90% of pro forma rental revenue during lease-up, and 5% of gross Project revenue after stabilization.</p>
<u>Priority of Repayment</u>	<p>Upon sale or refinancing, net proceeds shall be applied and disbursed in the following order:</p> <ul style="list-style-type: none"> • WHEDA First Mortgage • RACM Second Mortgage • B Bondholders • Repayments to Guarantor, if Guarantor has made any payments of debt service on the City Loan, which have not previously been reimbursed, pursuant to the Debt Service Guarantee

	<ul style="list-style-type: none"> • City “Kicker” Payment • Developer’s Equity of \$713,849 • Balance to Developer
<u>Conditions to Closing/Disbursement of City Loans:</u>	<p>Preconditions to closing of RACM Loan to the Developer shall include, but not be limited to:</p> <p>A. <u>Design Review.</u> The City of Milwaukee shall have approved the final plans and specifications for the Project, and issued permits for building construction.</p> <p>B. <u>Evidence of Financing.</u> Developer must provide evidence that, together with the RACM Loan, sufficient Senior Debt and Developer equity are committed (and all preconditions to funding satisfied) to pay for the costs of the Project.</p> <p>C. <u>Insurance.</u> Borrower is to provide RACM with evidence of Insurance for all coverage customary for RACM. This will include hazard insurance.</p> <p>D. <u>Title.</u> Borrower is to provide evidence of title insurance naming RACM as mortgagee on Project property.</p> <p>The proceeds of the Loan shall be disbursed pursuant to the terms of a Disbursing Agreement by and among WHEDA, the Borrower, RACM and such other parties as WHEDA may reasonably designate. The City and RACM anticipate that disbursements of the RACM Loan will occur using the same title company as WHEDA.</p>
<u>Development Agreement/Loan Agreement:</u>	<p>The City, Developer and RACM shall enter into a Development Agreement, Loan Agreement, and ancillary loan documents containing terms consistent with this Term Sheet and customary for such development and loan agreements (collectively, “Agreements”). The Agreements may not be assigned to a third party without the written consent of the Executive Director of RACM.</p>
<u>Limits on Developer Action:</u>	<p>Until all Developer obligations under the Development Agreement have been fully discharged, the Developer may not without City consent:</p> <ul style="list-style-type: none"> • Liquidate or consolidate the Site;

	<ul style="list-style-type: none"> • Merge with another entity; • Enter into any transaction that would materially adversely affect the ability of the Developer to complete the Project or its obligations under the Development Agreement; • Assume additional indebtedness for which the collateral includes any portion of the Project or the Developer's interest therein • Assume or guarantee the obligations of any other person or entity that would materially adversely affect the ability of the Developer to complete the Project or repay the RACM Loan; or • Enter into a transaction that would cause a material and detrimental change to the Developer's financial condition
<u>Human Resources:</u>	See Exhibit B
<u>Prevailing Wages:</u>	See Exhibit B
<u>PILOT Payments:</u>	The Development Agreement will require payments in lieu of taxes with respect to any parcel, unit or building within the Project site that subsequently becomes exempt from real property taxes. This provision shall be incorporated into a covenant running with the land.
<u>Financial Statements:</u>	<p>Throughout the term of the Loan, Developer shall provide annual financial statements prepared and audited by outside accountants acceptable to RACM no later than 120 days following the close of each Borrower fiscal year for the Project, certified as to accuracy by the Developer, and annual tax returns within 120 days of the end of fiscal year. RACM shall pledge to hold such records confidential to the greatest extent permitted by law. Developer shall also provide such other information on Project financial performance or other related matters as may be requested by RACM in its discretion to oversee Developer performance and maintenance of collateral.</p> <p>Guarantors are required to provide RACM with signed, updated personal financial statements within 120 days of the end of each year and if requested, a signed copy of their personal tax returns.</p>

<p><u>Defaults:</u></p>	<p>Failure of Developer to comply with the requirements of the RACM Loan documents (including but not limited to non-payment of interest or principal, use of Available Cash for unauthorized purposes, failure to submit required documentation, failure to complete the project, commission of fraud or other violations, defaulting on Senior funding) shall be deemed Events of Default. The Development Agreement will define these Events of Default, corresponding cure periods, and remedies if applicable. RACM remedies shall include standard lender remedies such as rights to accelerate. RACM will work with WHEDA to develop appropriate intercreditor provisions, including limitations on cross-defaults as needed.</p>
<p><u>General:</u></p>	<p>This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort shall be incorporated in one or more agreements, including the Agreements mentioned above, among the City, RACM, and Developer. Resolutions approving the Term Sheet will also provide for the execution of all additional documents and instruments necessary to implement the Project.</p> <p>All other customary provisions (Comptroller audit rights, DCD Commissioner review and approval of project budget and design,, Developer payment of RACM’s out-of-pocket expenses for a lender’s representative to monitor construction draws [RACM will consider utilizing the same lender’s representative in order to reduce Developer’s cost for this service], RACM reimbursement to Developer of funds advanced for project economic analysis, less funds advanced by RACM or City, etc.) will also be included in the Development Agreement.</p>
<p><u>Future Requests For City Assistance</u></p>	<p>The City does not plan to provide additional financial assistance to future phases of the North End project, or any other residential projects, in the downtown area. If requested to provide such assistance for a residential project (excluding the cost of adjacent public works or facilities open to the public pursuant to a public access easement), such assistance will be limited to 10% of the estimated assessed value of the project as determined by the Assessment Commissioner, following the determination by the Department of City Development and Office of the Comptroller that the project cannot proceed “but for” the provision of such financial assistance.</p>

Exhibit B
to the Term Sheet for
The North End Phase II Project

HUMAN RESOURCES AGREEMENT

HUMAN RESOURCES AGREEMENT
(THE NORTH END PHASE II PROJECT)

This Human Resources Agreement (“Agreement”) is entered into as of _____,
by and between the City of Milwaukee (“CITY”), and _____
 (“DEVELOPER”).

WHEREAS, the parties to this Agreement acknowledge and understand that this Agreement is executed in conjunction with a _____ Agreement (_____ Project) dated as of the first day of _____, 200__ (the “_____ Agreement”) executed by the parties in connection with the implementation of Tax Incremental District No. _____;

WHEREAS, DEVELOPER acknowledges that CITY has established policies regarding the utilization of EBEs (defined below), in Chapters 355 and 360 of the Milwaukee Code of Ordinances; and

WHEREAS, DEVELOPER acknowledges that CITY has established policies regarding the utilization of CITY residents in Chapter 355 of the Milwaukee Code of Ordinances; and

WHEREAS, DEVELOPER acknowledges that CITY has established policies regarding the employment of apprentices and on-the-job trainees in Chapter 355 of the Milwaukee Code of Ordinances; and

WHEREAS, DEVELOPER acknowledges that CITY has established policies regarding a “first-source-employment” program to be utilized in the recruiting of applicants for new and replacement employment in Chapter 355 of the Milwaukee Code of Ordinances; and

WHEREAS, DEVELOPER acknowledges that CITY’s approval and execution of the _____ Agreement was conditioned upon the DEVELOPER, its Affiliates and their agents,

agreeing to meet the requirements of this Agreement with respect to the development of the Project.

NOW, THEREFORE, the parties agree as follows:

I. DEFINITIONS

1. EMERGING BUSINESS ENTERPRISE (“EBE”) is a small business concern that is owned, operated and controlled by one or more individuals who are at a disadvantage, as defined in Chapter 360 of the Milwaukee Code of Ordinances. The individuals must have day-to-day operational and managerial control, interest in capital, financial risks and earnings commensurate with the percentage of their ownership. Emerging Business Enterprises are certified as such by the CITY Certification Program. Notwithstanding anything to the contrary contained herein, DEVELOPER may rely on CITY’s certification that a particular business qualifies as an EBE and all work performed by a business certified by CITY as an EBE shall qualify as work to be applied toward the percentage of total PROJECT Costs more particularly described below.

2. EBEP means CITY’s EBE Program.

3. FIRST-SOURCE EMPLOYMENT PROGRAM means an employment program operated by CITY or its designee which is to be utilized as contractors’ first source for recruiting applicants for both new and replacement employment.

4. JOINT VENTURE is an association of two or more persons or businesses to carry out a single business enterprise for profit for which purpose they combine their property, capital, efforts, skills and/or knowledge.

5. PROJECT means the _____ PROJECT, as more particularly described on **EXHIBIT A**.

6. PROJECT COSTS means all costs of the PROJECT, but less and excluding all PROJECT COSTS associated with the purchase, lease or right to use any land; permit fees paid to CITY or any other governmental entity or quasi-governmental entity; utility company fees; financing and interest expenses; insurance premiums; work within trades for which there is no available EBE participation; other work not contracted through DEVELOPER and over which DEVELOPER does not have direction or control in the selection of contractors or material providers for the same; and other costs approved by DEVELOPER and the CITY's EBEP Office, with such approval not being unreasonably withheld. Prior to the commencement of each phase or portion of the PROJECT, DEVELOPER or its representatives and the EBEP Office shall meet and confer to determine the eligible PROJECT COSTS for such phase or portion of the PROJECT.

7. RPP means CITY's Resident Preference Program.

II. EMERGING BUSINESS ENTERPRISE PROGRAM

DEVELOPER shall, in developing and constructing the PROJECT, utilize EBEs for no less than 25% of the total PROJECT Construction Costs and 10% of the amounts expended for the purchase of services, professional services and supplies for the PROJECT deemed eligible pursuant to EBE guidelines.

A. DEVELOPER from and after the date of this Agreement and in conjunction with the PROJECT, shall undertake the following activities:

1. Advertising in general circulation and trade association media, as well as in community newspapers, regarding contracting and subcontracting opportunities. Advertising in the Daily Reporter and two other publications shall be the minimum acceptable level of performance. See **EXHIBIT B**.
2. Providing interested EBEs and the agencies listed in **EXHIBIT C**, with adequate information about the PROJECT plans, specifications, and contract/subcontract requirements prior to the contract bidding process.

3. Obtaining and submitting the Affidavit of Participation Plan, **EXHIBIT D**, to the EBEP Office. This form must be submitted with contractor's or subcontractor's bids or as otherwise specified by the EBEP Office.
4. Providing written notice to all pertinent construction trade and professional service EBEs listed in the current EBE Business Directory, soliciting their services in sufficient time (at least 1 week) to allow those businesses to participate effectively in the contract bidding process. To identify EBEs for the PROJECT, the current *Official CITY of Milwaukee EBE Business Directory* published by the EBEP Office should be utilized. The directory can be accessed on-line at: www.milwaukee.gov/ebe.

Following-up with EBEs which show an interest in the PROJECT during the initial solicitation process and maintaining documentation of any contact with such EBE.

5. Selecting trade and professional service areas for EBE awards in which the greatest number of EBEs exist to perform the work, and where appropriate, breaking down contracts or subcontracts into smaller, economically feasible units to facilitate EBE participation.
6. Negotiating in "good faith" with interested EBEs, not rejecting EBE bids as unqualified or too high without sound reasons based on a thorough review of the bid submitted and maintain documentation to support the rejection of any EBE bid. Bids that are not cost effective, and/or which are not timely or consistent with the PROJECT schedule will be considered "rejectable" bids by the EBEP Office.
7. Using commercially reasonable efforts to utilize the services offered by public or private agencies and other organizations in identifying EBEs available to perform work.
8. Including in PROJECT bid documents and advertisements an explanation of PROJECT requirements for EBE participation to prospective contractors and subcontractors.
9. As necessary and whenever possible, using commercially reasonable efforts to facilitate the following:
 - a) Joint ventures, limited partnerships or other business relationships intended to increase EBE areas of expertise, bonding capacity, credit limits, etc.
 - b) Training relationships
 - c) Mentor/protégé agreements

- B. If DEVELOPER completes the aforementioned activities and demonstrates "good cause", as determined by the EBEP Office, for not meeting the 25% requirement

for EBE participation for the construction of any phase or portion of the PROJECT or the 10% requirement for the purchase of services, professional services and supplies for the PROJECT, it shall be deemed that DEVELOPER has acted in “good faith” and used best efforts to achieve the requirement with respect to such phase or portion.

- C. If at any point during the term of this Agreement, DEVELOPER meets or exceeds the 25% EBE requirement in conjunction with the construction of any phase or portion of the PROJECT or the 10% requirement for the purchase of services, professional services and supplies for the PROJECT, whether commenced before or after the date hereof, it shall be deemed that the DEVELOPER has achieved or exceeded CITY’s EBE requirement with respect to such phase or portion, for the purposes of fulfilling the terms of this Agreement. The parties acknowledge that fulfillment of CITY’s EBE requirement for the PROJECT shall be determined on an aggregate basis for all phases and portions of the PROJECT, whether commenced before or after the date hereof. Accordingly, to the extent that DEVELOPER exceeds CITY’s EBE requirement for any phase or portion of the PROJECT, the EBEP Office shall consider and reflect such excess in analyzing fulfillment of CITY’s EBE requirements for other phases and portions of the PROJECT.
- D. Contract or subcontract amounts awarded to EBE suppliers, that do not manufacture products they supply, may only be counted for up to 20% of the 25% EBE participation requirement.

III. RESIDENT PREFERENCE PROGRAM

DEVELOPER shall, in developing and constructing the PROJECT, utilize unemployed or underemployed residents, as defined in sec. 355-1.3. of the Milwaukee Code of Ordinances, for no less than 30% of the total “worker hours” expended on “Construction,” as defined in sec. 309.41 of the Milwaukee Code of Ordinances,¹ included in Project Costs but less and excluding all non-Construction Project Costs. DEVELOPER from and after the date of this Agreement and in conjunction with the PROJECT, shall undertake the following “best efforts” activities:

1. Listing and causing contractors and sub-contractors to list open positions with any first source hiring agency specified by CITY’s EBEP Office.
2. Disseminating information provided by CITY’s EBEP Office to all contractors and sub-contractors on how to recruit unemployed and underemployed residents.

¹ The definition of “Construction” shall mean “Construction” as defined in sec. 309.41 of the Milwaukee Code of Ordinances, but as modified to reflect the private nature of this Project.

3. Listing and causing contractors and sub-contractors to list job openings with Wisconsin Job Service, W-2 agencies and other agencies as specified by CITY's EBEP Office.
4. Working in cooperation with CITY, identify and implement any other activities and steps to maximize utilization of unemployed and underemployed residents on the Project.
5. Disseminate Employee Affidavit form, attached as **EXHIBIT G**, to all contractors and sub-contractors for their use in documenting RPP compliance.

Prior to the commencement of the PROJECT, DEVELOPER or its representatives and the EBEP Office shall meet and confer to determine the eligible Project Costs, which are Construction costs subject to the mandatory RPP requirement. If at any point during the term of this AGREEMENT, DEVELOPER meets or exceeds the 30% mandatory RPP requirements in conjunction with the PROJECT, it shall be deemed that the DEVELOPER has achieved or exceeded CITY's RPP requirement with respect to the PROJECT. For the purpose of fulfilling the terms of this AGREEMENT, the parties acknowledge that fulfillment of CITY's RPP requirement for the PROJECT shall be determined on an aggregate basis for all portions of the PROJECT, whether commenced before or after the date hereof, accordingly, to the extent the DEVELOPER exceeds the CITY's RPP requirement for any portion of the PROJECT, the EBEP office shall consider and reflect such excess in analyzing fulfillment of the CITY's RPP requirements for other portions of the PROJECT.

DEVELOPER shall file the reports attached as **EXHIBIT F** to evidence compliance with RPP requirements with CITY's EBEP Office. All RPP reports shall be accompanied by supporting Employee Affidavits, in the form attached as **EXHIBIT G**.

IV. EBE AND RPP REPORTING

DEVELOPER agrees to report to CITY's EBEP Office, the City Common Council and the Zoning, Neighborhoods and Development Committee of the City Common Council on DEVELOPER's utilization of EBEs and unemployed or underemployed residents in its contracting activities for the PROJECT, pursuant to Chapter 360 of the Milwaukee Code of

Ordinances and in accordance with the requirements of this Agreement. In order to monitor the PROJECT's EBE and unemployed or underemployed worker participation, the CITY requires, and DEVELOPER agrees to take the following steps:

- A. Provide a list of all categories of PROJECT work for each phase or portion of the PROJECT, with budget allowances, for which bids will be solicited and highlight those categories, based upon DEVELOPER's knowledge and experience, which are conducive to EBE participation.
- B. Provide the CITY's EBEP Office with documentation supporting efforts extended to solicit bids from EBEs. Upon request, DEVELOPER shall make information related to EBE bids available to CITY's EBEP Office.
- C. Submit an EBE Monthly Report to EBEP on or before the 20th of each month, or a quarterly report with the approval of the EBEP Office, on the form attached as **EXHIBIT E**.
- D. Submit an EBE/RPP Report to the Common Council on a quarterly basis regarding achievement of EBE and RPP standards for the duration of construction. The forms attached as **EXHIBIT E** and **EXHIBIT F** shall be used for said quarterly reports.
- E. Make a quarterly presentation to the Zoning, Neighborhoods and Development Committee of the City Common Council regarding achievement of EBE and RPP standards for the duration of construction. Said presentation shall be coordinated through the EBEP office.

V. APPRENTICESHIP AND ON-THE-JOB TRAINEE REQUIREMENTS.

DEVELOPER shall employ, and shall require all contractors and subcontractors to employ, apprentices and on-the-job trainees in the performance of all construction contracts and subcontracts for the PROJECT entered into by DEVELOPER or each contractor or subcontractor in accordance with the maximum ratio of apprentices to journeymen established by the Wisconsin department of workforce development. In determining whether this requirement is appropriate for insertion in specifications for a particular construction contract, the EBEP Office may consider the nature of the work, whether the construction contract is of short duration and whether their work will involve trades which do not have apprentices or on-the-job trainees.

DEVELOPER shall submit and cause all contractors and subcontractors to submit contract time reports showing compliance with any contract requirements imposed in accordance with this section at least once every 3 months during the course of their work and within 10 days following completion of their work.

VI. FIRST-SOURCE EMPLOYMENT UTILIZATION.

A. DEVELOPER shall require all contractors and subcontractors on the PROJECT to utilize the FIRST-SOURCE EMPLOYMENT PROGRAM, and:

1. A contractor or subcontractor shall notify the EBEP Office, or its designee, about an open position, including a general description and the minimum requirements for qualified applicants prior to announcing or advertising such position for work which shall be performed as a result of a construction contract, construction subcontract or of a new employment position required for the PROJECT.
2. The contractor or subcontractor shall not make any public announcement or advertisement for a period of 10 business days after notification to the EBEP Office or its designee, of the availability of the position.
3. The EBEP Office or its designee shall maintain a database of job opportunities and shall provide information on these job opportunities to all city residents.
4. The advance notice period required by par. 2 shall be waived if there are no qualified candidates to refer to the contractor or subcontractor. The EBEP Office or its designee, shall notify the contractor or subcontractor of this waiver within 5 business days of being informed of the job availability.
5. The EBEP Office or its designee shall institute a tracking system and record which applicants were interviewed, which applicants were not interviewed and which applicants were hired for positions subject to this subsection.

B. The EBEP Office shall confirm that each construction contract for the PROJECT entered into by DEVELOPER requires contractors and subcontractors to enter into a first-source agreement with CITY or its designee which shall apply for the duration of the contract. A first-source recruitment agreement shall require:

1. Utilization of the FIRST-SOURCE EMPLOYMENT PROGRAM as the first source for recruitment and referral of applicants for new and replacement employment.
2. Allowing the FIRST-SOURCE EMPLOYMENT PROGRAM a minimum of 10 business days to refer applicants to contractors. Contractors may apply for a waiver of the 10-day requirement in emergency situations. Waivers may only be granted by the EBEP Office or its designee.
3. The contractor or subcontractor to interview and consider qualified applicants referred by the EBEP Office or its designee before interviewing other.
4. **HIRING DECISIONS.** Contractors and subcontractors shall retain the right to make all final hiring decisions.
5. **AGREEMENTS.** First-source recruitment agreements shall not require contractors or subcontractors to comply with this section if job vacancies or newly-created positions are filled by transfer or promotion from existing staff or from a file of qualified applicants previously referred by the EBEP Office or its designee.

C. The EBEP Office shall monitor compliance with this section.

VII. CITY ADMINISTRATION.

CITY's EBEP Office shall have primary responsibility for the administration of this Agreement as well as primary monitoring and enforcement authority for the programs and activities encompassed by this Agreement. In exercising its responsibilities under the Agreement, CITY's EBEP Office shall use good faith and act in a reasonable manner. Notwithstanding the foregoing, CITY's EBEP Office shall make all information and data collected pursuant to this Agreement available to CITY's Department of City Development, and Comptroller in order to allow fulfillment of their respective responsibilities with respect to the programs and activities encompassed by this Agreement. CITY's Department of City Development, and Comptroller shall cooperate with and assist CITY's EBEP office in the administration of this Agreement.

VIII. DEVELOPER ADMINISTRATION.

DEVELOPER shall retain a person or firm reasonably acceptable to CITY's EBEP Office, to act as DEVELOPER's consultant and to assist in record keeping, collection of information and the filing of all reports necessary to demonstrate compliance with the requirements of this Agreement. DEVELOPER shall also comply with the reporting requirements set forth in Section IV of this Agreement.

IX. AUDIT RIGHTS.

DEVELOPER shall keep or cause others under its control, including its contractors and subcontractors to keep accurate, full and complete books and accounts with respect to costs of developing, constructing, and completing the PROJECT and carrying out the duties and obligations of DEVELOPER hereunder. All the books and accounts required to be kept hereunder shall be maintained in accordance with generally accepted accounting principles consistently applied, and shall be kept for a period of seven years.

X. PUBLIC RECORDS.

Records shall be maintained in accordance with requirements prescribed by the CITY with respect to all matters covered by this Agreement. Both parties understand that the CITY is bound by Wisconsin Public Records Law, and as such, all of the terms of this Agreement are subject to and conditioned on the provisions of Wis. Stat. Section 19.21, et seq. DEVELOPER acknowledges that it is obligated to assist the CITY in retaining and producing records that are subject to Wisconsin Public Records Law, and the DEVELOPER must defend and hold the City harmless from liability under that law. Except as otherwise authorized, these records shall be maintained for a period of seven (7) years from the date of this Agreement.

XI. NOTICES.

All notices under this Agreement shall be made in writing and deemed served upon depositing the same in the United States Postal Service as “Certified Mail, Return Receipt Requested,” addressed as follows:

A. To the CITY: EBE Program Office
City of Milwaukee
200 East Wells Street
Milwaukee, WI 53202
Attn: Director

With a copy to: Department of City Development
City of Milwaukee
809 North Broadway
Milwaukee, WI 53202
Attn: Commissioner

B. To DEVELOPER: _____

Attn: _____

With a copy to: _____

Attn: _____

XII. SANCTIONS.

In the event that any document submitted to CITY by DEVELOPER or a contractor or subcontractor of DEVELOPER contains false, misleading or fraudulent information or demonstrates non-compliance with the requirements of this Agreement, the EBEP Office may seek prosecution under § 355-19 MCO or the imposition of any of the following sanctions:

- a. Collection of any prevailing wage shortfall, with interest, for distribution to employees performing work on the PROJECT.
- b. Imposition of a requirement that remedial efforts be undertaken by DEVELOPER for the remaining portion of the PROJECT where initial reports demonstrate non-compliance with the resident preference hours required for the PROJECT.

- c. Specific performance or specified remedies under this Agreement or any first-source recruitment agreement.
- d. Remedies available to CITY under the _____ Agreement for such non-compliance.
- e. Forfeiture of all or a portion of DEVELOPER's "Human Resources Deposit." Upon execution of the _____ Agreement DEVELOPER shall deposit with CITY a letter-of-credit, cash or a bond in form and substance acceptable to the EBEP Office in an amount equal to one percent (1%) of the direct financial assistance received by DEVELOPER from CITY in aid of the PROJECT or \$25,000.00, whichever is greater (the "Human Resources Deposit"). The Human Resources Deposit shall be returned to DEVELOPER upon compliance with all of the terms, conditions and requirements of the Agreement. In the event the DEVELOPER demonstrates that "best efforts", as determined by the EBEP Office, have been exercised to meet the terms, conditions and requirements of this Agreement even though DEVELOPER has not fully complied with such terms, conditions and requirements, fifty percent of the Human Resources Deposit shall be returned to DEVELOPER. In all other cases, the Human Resources Deposit shall be retained by the CITY.

IN WITNESS WHEREOF, the parties have executed this Human Resources Agreement
as of the ____ day of _____, 200__.

DEVELOPER

CITY OF MILWAUKEE

By: _____
Its: _____

By: _____
Tom Barrett, Mayor

By: _____
Ronald D. Leonhardt, City Clerk

By: _____
W. Martin Morics, City Comptroller

EXHIBIT A

PROJECT DESCRIPTION

(The PROJECT is legally described on EXHIBIT “___” to the _____ Agreement. A narrative description of the PROJECT is set forth in _____ of the _____ Agreement.)

EXHIBIT B

Conquistador
3206 West National Avenue
Milwaukee, WI 53215
Telephone 414.383.1000
Fax 414.383.8885
(Published weekly)

The Milwaukee Courier
2431 West Hopkins Street
Milwaukee, WI 53206
Telephone 414.449.4860
Fax 414.449.4872
(Published weekly)

Daily Reporter
225 East Michigan Street
Milwaukee, WI 53202
Telephone 414.276.0273
Fax 414.276.4416
(Published weekly)

Milwaukee Times
1938 N. Dr. Martin Luther King, Jr. Drive
Milwaukee, WI 53212
Telephone 414.263.5088
Fax 414.263.4445
(Published weekly)

Milwaukee Community Journal, Inc.
3612 N. Dr. Martin Luther King Jr. Drive
Milwaukee, WI 53212
Telephone 414.265.5300
Fax 414.265.1536
(Published twice weekly)

EXHIBIT C

African American Chamber of Commerce
6203 West Capitol Drive
Milwaukee, WI 53216
Phone: 414.462.9450

Hispanic Chamber of Commerce
816 West National Avenue
Milwaukee, WI 53204
Phone: 414.643.6963

American Indian Chamber of Commerce
10809 West Lincoln Avenue
West Allis, WI 53227
Phone: 414.604.2044

National Association of Minority Contractors
3100 West Concordia Avenue
Milwaukee, WI 53216
Phone: 414.449.0837

Hmong Wisconsin Chamber of Commerce
3616 W. National Avenue, Suite 99
Milwaukee, WI 53215
Phone: 414.645-8828

EXHIBIT D
AFFIDAVIT OF PARTICIPATION PLAN

DRAFT: FINAL VERSION TO BE PROVIDED BY EBEP OFFICE

Professional Service Provider/Contractor _____

Total Bid Amount \$_____

The bidder's minimum EBE commitment is _____% of their base contract.

Consultants, Subcontractor or Supplier	Address	EBE Certified	Type of Work	Contract Value	% of Total Contract

I certify that the firm(s) identified the service and quoted the cost. If awarded this contract, our firm _____ intends to enter into subcontract agreements with the firm(s) listed for the services specified. The information on this form is true and accurate to the best of my knowledge. I further understand that falsification, fraudulent statement, or misrepresentation will result in appropriate sanctions under application Local, State or Federal laws.

Signature: _____

Print Name: _____

Title: _____

Date: _____

State of _____, County of _____

Subscribed and sworn to before me this ____ day of _____, 20__

My Commission Expires _____ SEAL

Signature of Notary Public

EXHIBIT E **City of Milwaukee EBE Monthly Report**

DRAFT: FINAL VERSION TO BE PROVIDED BY EBEP OFFICE

Project Name: Project Address: Contractor Name: Contractor Address: Phone Number: Project Start Date:	City Contractor Number: Total Project Budget: Construction Budget: Land Acquisition Amt: Construction Draw YTD: Project End Date: EBE Goal: 25% or	Report Period: For Final Report: Dates: _____ Total EBE \$ _____ Total EBE Percentage \$ _____
--	--	--

List all Emerging Business Enterprises utilized in connection with the above Project, either as subcontractors or suppliers.

NAME OF EBE FIRM	EBE	SERVICE PERFORMED OR MATERIALS SUPPLIED	SUBCONTRACT AWARD AMOUNT	AMOUNT PAID THIS MONTH	TOTAL AMOUNT PAID TO DATE
TOTAL EBE PARTICIPATION			\$ -	\$ -	\$ -
EBE PARTICIPATION, AS PERCENT OF TOTAL CONTRACT VALUE AND PAID TO DATE					

If the EBE participation does not equal proposed goal amounts, state what actions will be taken to achieve prior to end of the project.

Information is to be completed by EBEP Analyst: For Statistical Purposes Only AA-African American ASPA-Asian Pacific American	for EBEP Use Only	Signed: _____ Submitted By:
--	-------------------	--------------------------------

A-Native American Indian
H-Hispanic

Received By: _____
Date Received: _____

Title: _____
Date: _____

EXHIBIT F

_____ Project
Construction RPP Hours Calculation
Phase _____

RPP Goal

Total Construction Hours Worked Pursuant to § 355-7.1a. “Worker Hours” includes work performed by persons filling apprenticeship and on-the-job training programs and excludes the number of hours of work performed by all non-Wisconsin residents.	
Multiplied by 30%	
Applicable RPP Goal	
Total RPP Construction Hours	
RPP Hour Surplus/Shortfall	
RPP Percentage (Total RPP Construction Hours/Total Construction Hours Worked)	

EXHIBIT G

XIII. **FORM RPP (Rev.2009)**

Contractor Name: _____

Development Project Name

Employee Affidavit Residents Preference Program

I certify that I maintain my permanent residence in the City of Milwaukee and that I vote, pay personal income tax, obtain my driver's license, etc. at

_____, Milwaukee, WI _____

(Address)

(Zip Code)

Residency status:

To verify my resident status, attached please find the following (check one)

- _____ Copy of my voter's certification form.
- _____ Copy of my last year's Form 1040.
- _____ Copy of my current Wisconsin Driver's License or State ID.
- _____ Copy of Other (i.e., Utility bill, Lease, etc.)

AND

Unemployment status:

I certify that I have been unemployed as follows: (Check those that apply)

- _____ I have worked less than 1,200 hours in the preceding 12 months.
- _____ I have not worked in the preceding 30 days.

OR

Underemployed status:

_____ I certify that based on the attached chart (Income Eligibility Guidelines), I am underemployed.

Print Name

Sign Name

Social Security Number

Home Telephone Number

Subscribed and sworn to me this _____ day

Of _____, _____ A.D.

My Commission Expires _____.

Notary Public Milwaukee County

RPP Chart

Income Eligibility Guidelines July 1, 2009 to June 30, 2010

Eligibility determination is based on household size and income. Total income must be at or below the amount in the table.

Household Size	Yearly	Monthly	Twice per month	Every 2 weeks	Weekly
1	20,036	1,670	\$835	\$771	\$386
2	26,955	2,247	1,124	1,037	519
3	33,874	2,823	1,412	1,303	652
4	40,793	3,400	1,700	1,569	785
5	47,712	3,976	1,988	1,836	918
6	54,631	4,553	2,277	2,102	1,051
7	61,550	5,130	2,565	2,368	1,184
8	68,469	5,706	2,853	2,634	1,317
For each add'l household member add	6,919	577	289	267	134

Source: Wisconsin Department of Public Instruction
School Nutrition Programs



City of Milwaukee Fiscal Impact Statement

A	Date	7/13/2011	File Number	101297	<input checked="" type="checkbox"/> Original	<input type="checkbox"/> Substitute
	Subject	Substitute resolution approving Amendment No. 2 to the Project Plan and authorizing expenditures for Tax Incremental District No. 48, Park East, in the 3rd, 4th and 6th Aldermanic Districts.				

B	Submitted By (Name/Title/Dept./Ext.)	Rocky Marcoux, Commissioner, Department of City Development x 5800
----------	---	--

C	This File	<input checked="" type="checkbox"/> Increases or decreases previously authorized expenditures. <input type="checkbox"/> Suspends expenditure authority. <input type="checkbox"/> Increases or decreases city services. <input type="checkbox"/> Authorizes a department to administer a program affecting the city's fiscal liability. <input type="checkbox"/> Increases or decreases revenue. <input type="checkbox"/> Requests an amendment to the salary or positions ordinance. <input type="checkbox"/> Authorizes borrowing and related debt service. <input type="checkbox"/> Authorizes contingent borrowing (authority only). <input type="checkbox"/> Authorizes the expenditure of funds not authorized in adopted City Budget.
----------	------------------	---

D	Charge To	<input type="checkbox"/> Department Account <input checked="" type="checkbox"/> Capital Projects Fund <input type="checkbox"/> Debt Service <input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> Contingent Fund <input type="checkbox"/> Special Purpose Accounts <input type="checkbox"/> Grant & Aid Accounts
----------	------------------	---	--

	Purpose	Specify Type/Use	Expenditure	Revenue
E	Salaries/Wages		\$0.00	\$0.00
			\$0.00	\$0.00
	Supplies/Materials		\$0.00	\$0.00
			\$0.00	\$0.00
	Equipment		\$0.00	\$0.00
			\$0.00	\$0.00
	Services		\$0.00	\$0.00
			\$0.00	\$0.00
	Other	TID No. 48	\$7,628,940.00	\$0.00
			\$0.00	\$0.00
	TOTALS		\$7,628,940.00	\$ 0.00

F**Assumptions used in arriving at fiscal estimate.**See Project Plan Amendment No. 2, which is part of this Common Council File.
_____**G****For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.**☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years**H****List any costs not included in Sections D and E above.** _____**I****Additional information.** Payback from completed redevelopment project is anticipated in 2029.
_____**J****This Note** ☐ Was requested by committee chair.



Office of the Comptroller

July 15, 2011

W. Martin Morics, C.P.A.
Comptroller

Michael J. Daun
Deputy Comptroller

John M. Egan, C.P.A.
Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

Members of the Zoning, Neighborhoods & Development Committee
Milwaukee Common Council
City Hall, Room 205
Milwaukee, WI 53202

SUBJECT: File 101297 TID 48: North End Project – Phase II

Committee Members:

The File before the Committee authorizes \$7.3 million in additional TID spending, including a \$4.6 million loan to support the North End Project – Phase II, the release \$2.4 million in infrastructure grant funding that was previously authorized for the North End – Phase I, and \$300,000 in TID and loan administration costs. The file also approves the Term Sheet with Developer, USL Phase I Land and the Project Plan Amendment for TID 48.

The proposed Project includes a 155 unit apartment development with structured parking and ground level retail space. Twenty percent of the rental units will be affordable to those making 60% of the County median income or less. The Resolution includes a developer loan of \$4.63 million loan, which carries a 5.5% fixed rate with an 18 year term, amortized over 25 years. The first mortgage financing source for the Project is a loan through the Wisconsin Housing and Economic Development Authority (WHEDA) and equity investors, with remaining sources coming from the City TID loan, deferred developer fee and retail sales proceeds. These sources total \$36.71 million. In addition, \$2.37 million in TID grants would be provided for public infrastructure, plus \$300,000 in TID administration, bringing the total Project costs to \$39.38 million. Private development thresholds for subsequent public investment in the project per the current North End Development Agreement would be waived for this phase to allow for the subsequent \$2.37 million of public infrastructure improvements.

Sources

WHEDA Senior Bonds	\$26,185,000
B-bond Proceeds (equity)	4,950,000
City of Milwaukee TID Loan	4,628,940
Equity -- Deferred Developer Fee	713,850
Retail Purchase Bonds	228,200
Total Private Project	\$36,705,989

City TID Other

Total Sources

Uses

Construction	\$25,023,622
Land and site Work	4,255,639
Financing Costs & Reserves	3,207,403
Soft Costs	2,791,626
Developer Fee	1,427,699
Total Private Project	\$36,705,989

Public Infrastructure & Admin

Total Uses

In 2006 the North End Project Plan anticipated a \$175,000,000 mixed use project with 483 residential units, 40,000 s.f. of retail space and a 326 stall parking structure to be built in phases through 2012 and \$8.5 million in City infrastructure assistance and job training. North End Phase I was approved in 2006 to include condominiums, apartments, retail and parking facilities. This approval was followed by an extended, severe national and local recession, driven by the collapse of real estate values. To date, 83 apartments, 12,655 sq ft of retail and a 115 parking stall structure have been constructed. At the time of City approval, Phase I was planned as a \$64 million private development. The actual Phase I development totaled about \$22 million. (See the attached letter from the Comptroller Members of the ZND Committee dated December 8, 2006.)

As the private development of the North End Phase I was far less than initially contemplated, there has been no "Subsequent City Investment" as the Phase I has not reached the private development threshold required under the Development Agreement. Also, no additional private development has been made beyond Phase I.

Is the Project Likely to be Successful?

As the proposed City TID assistance to the Project includes both a loan and a grant, evaluating the repayment of the City's investment involves assessing the extent that the Project will achieve sufficient rental/lease targets and the sale price estimates. This in turn requires that both the cash flow generated by the Project and the TID's incremental property tax revenues are examined.

In assessing the likelihood of loan repayment our Office has reviewed the cash flow projections of DCD's consultant, S.B. Friedman & Co., and Developer. These projected cashflows are derived in part from a market analysis¹ of apartment demand in the area of the Project site. Demographic projections drive the conclusion that a strong residential rental market will exist to support the rents required by this Project. Both Developer and DCD consultant cash flows show sufficient net cash from the Project to service the debt on the first mortgage (WHEDA) bonds and the City TID loan.

Regarding the overall status of the Park East TID including the North End Phase II proposal, projected cashflows show that all of the remaining years of the TID will be required to successfully retire TID 48. TID 48 was created in 2001 as part of the Park East Freeway spur new development. There are 18 years remaining of the 27 year life of the TID in which to recover costs. Other TID assisted projects within TID 48 also exist. There is currently \$32 million in authorized project costs, of which \$20 million has been borrowed. Projections show that the TID is likely to recover project costs in 2028, or the last year of the 27 year life of the TID.

In making this assessment, S.B. Friedman & Co. assumed additional value attributed to the North End – Phase II, the Moderne, and the Aloft Hotel, *but no additional value related to existing undeveloped parcels*. Other assumptions include 2 percent property value growth factor beginning in 2012, a declining tax rate stabilizing at 2% of assessed value. Debt assumptions appear reasonable, at 4.5% for tax exempt debt and 5% for taxable debt. The primary assumption by S.B. Friedman & Co. for feasibility purposes is that no additional development would occur beyond North End Phase II - a very conservative assumption. Our Office concurs that it is likely the TID will recover all project costs by 2028 -or sooner if other major development takes hold in TID 48.

Is the Proposed \$7.3 million in City TID Assistance needed to allow the Project to Proceed?

At issue is the extent that the proposed \$7.3 million in public funding is necessary to make the Phase II Project possible. In attempting to address this question, we look at Project costs and the expected financial return to both the Developer and other private investors.

Concord Group, a construction consulting firm employed by S.B. Friedman & Co., reviewed Developer's construction cost estimates and found them to be reasonable. The cost of Phase II has increased substantially due to the carrying costs associated with land acquired for this Phase approximately 10 years ago. As this Phase was substantially delayed due to the severe real estate recession, these carrying costs increased to become a substantial financing obstacle and have likely necessitated the inclusion of at least a portion of the \$4.6 million Developer loan portion of this proposal. While there is some disagreement on the extent of these costs as they affect this phase of the project, these carrying costs are real costs that the developer incurred.

The Developer fee is \$1,427,699, or 3.89% of \$36.7 million of total project costs. The Developer fee as a percent of project costs appears to be reasonable given the risks inherent in realizing this return. The Developer has agreed to defer one-half of this fee, or \$713,850, which is to be paid out of cash flows of the Project over time. The Developer's equity investment in Phase II is limited to this deferred fee. The developer's rate of return on this deferred \$713,850 fee is projected to total about 21% internal rate of return (IRR). However, the developer is not expected to realize

¹ "A Rental Housing Market Study of the Proposed Buildings Known as the North End Phase II"
Moegenburg Research, Inc., October 18, 2010.

significant annual cashflows from this Project. The Developer's return is essentially dependent on a projected \$43 million sale in year 15.

The non-developer equity of \$4.95 million is expected to generate an annual 12.5% after tax return. In contrast to the Developer, these investors are expected to realize annual cashflows throughout the life of the investment. In the current market this can be considered a reasonable rate of return.

Conclusions & Recommendations

Based on available market studies, we conclude that North End Phase II will perform sufficiently well to repay the City's loan. The repayment of City infrastructure outlays is also expected, although full infrastructure repayment may be affected by the overall success of TID 48. We conclude that the Developer return is acceptable given its dependence on risk of adequate future sale value. Likewise the non-developer returns are modest and therefore acceptable.

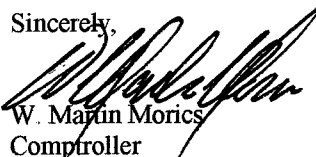
Since negotiations began with Developer on assistance to the Project, significant changes have been made to reduce the City's risk. An April, 2010 Developer's proposed Term Sheet included an \$8.0 million loan with a 27 year term with no scheduled principal amortization, with a 50% City sharing of net cash. The proposal before your Committee reduces the loan amount to \$4.63 million, reduces the loan term to 18 years, with loan repayment acceleration, an additional 10th year principal payment of \$300,000 and a \$500,000 bonus 'kicker' return to the City upon sale of the development if sufficient sale proceeds allow. There is also a personal guarantee by Developer, further reducing the City's risk of repayment.

The current Term Sheet also requires additional principal payments to be made to the City when the weighted annual average of interest payments (plus expenses) on the WHEDA loan are less the 5 percent. When this occurs, 50 percent of this interest savings, will be applied to the City TID loan annually. However, these additional payments will only occur after the first \$600,000 of "interest savings" is paid into a Debt Service Management Account (DSMA), created to absorb above budget interest rates. This provision further reduces the principal amount outstanding, shortening the amortization period.

In addition to the safeguards already in place, we recommend the following modifications to the existing term sheet and development agreement:

- 1) Designate that funds in the Debt Service Management Account are a first security interest of the City, allowing the City to apply these funds against the principal balance outstanding in the event of foreclosure.
- 2) The City Attorney has informed our Office that due to State law changes the City can no longer compel the Developer to pay prevailing wages on the Project. Consequently, the "prevailing wage" language in the Term Sheet has been removed. Nonetheless, we understand that it is the Developer's intention to pay prevailing wages as provided for in the current version of the term sheet. Should any Phase II contracts/subcontracts exclude the prevailing wage requirement, resulting budget reductions should be made to reduce the Project financing gap and the City's loan amount dollar-for-dollar. It is recommended that the term sheet be modified to incorporate a City review of all Phase II contracts prior to their execution to achieve a dollar-for-dollar budget and City loan reduction whenever the prevailing wage requirement is not included. Likewise, upon completion of construction, any actual dollar savings from the exclusion of prevailing wage requirements should inure to the City.

We believe that these modifications would further limit the City's risk exposure and provide potential savings. Should you have any questions regarding the above, please contact me.

Sincerely,

W. Martin Morics
Comptroller

Cc Commissioner Marcoux, James Scherer, Dan Casanova, Tom Gartner



Office of the Comptroller

December 8, 2006

W. Martin Morics, C.P.A.
Comptroller

Michael J. Daun
Deputy Comptroller

John M. Egan, C.P.A.
Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

Members of the Zoning, Neighborhoods
& Development Committee
Milwaukee Common Council
City Hall, Room 205
Milwaukee, WI 53202

SUBJECT: File 061021 – North End Project

Committee Members:

File 061021 would authorize up to \$8,459,000 spending for the purpose of supporting a proposed North End Project (“the Project”). Of this total, \$6.0 million would be new TID authorization while \$2.4 million was authorized for TID 48 by prior amendment. The File also approves the terms of a Development Agreement with USL Land LLC (“the Developer”) and the City of Milwaukee to construct the required riverwalk and other public infrastructure as well as complete right of way demolition and remediation. The above authorization would also include \$500,000 for job training, \$300,000 for City administration and a \$1 million contingency.

The DCD expectation is that the above infrastructure and riverwalk improvements will spur private development in the North End Project. The North End Project encompasses an eight acre site, currently planned for an estimated \$175,000,000 development including condominium, apartment and retail development including a two level parking structure. With the exception of the funds for required sewer-water utility work and job training, the City of Milwaukee would transfer TID funds to the Developer and the Mandel Group as co-project manager to construct or contract for construction of the planned improvements.

Concurrent with the above infrastructure work, the proposed North End real estate development would be staged in four sequential Phases over the years 2007-2012. Phase I includes two parts to be completed in 2007-2008. Phase I part one includes the construction of 73 condominiums, 12,500 sq ft of retail and a 326 stall parking structure including one floor of underground parking. Phase I part two adds 36 condominiums, 88 apartments and an additional 12,500 sq ft of retail. If the Project proceeds beyond Phase I, Phases II through IV would be completed by 2012 according to the Developer’s plan, adding 286 condominiums and 15,000 sq ft of retail space. Phase I would total \$64.2 million – 37% of the total North End Project.

Should the Project proceed to completion, the Developer estimates that 800-960 construction jobs would be created over the 5-6 year duration of the Project with 90-120 permanent retail jobs and at least 10 permanent property management jobs also created. The funding sources and uses for the infrastructure support work are shown below. Sources of private financing for building construction have not been finalized.

Sources

Developer plan ¹	\$ 5.9 mil
City of Milwaukee up front grant	\$ 2.4 mil
City of Milwaukee additional grants ²	\$ 5.3 mil
City of Milwaukee administered	\$ 0.8 mil

Total infrastructure rrvrwlk sources.....\$14.4 mil

Uses

Demolition/Environmental	\$4.4 mil
Public & Private infrastructure	\$3.7 mil
Riverwalk & Street Ends	\$2.7 mil
Dockwall, relocation, contingency	\$2.3 mil
Utility – sewer relocation	\$1.3 mil
Total infrastructure rrvrwlk uses	\$14.4 mil

¹ Developer evidences a \$4.7 million line of credit to support his land acquisition and certain site preparation costs.

² Additional City TID grants would be subject to Common Council approval.

Is the Project Likely to be Successful?

For the above infrastructure and riverwalk costs to be recovered through TID property tax increments, substantial private development must occur. There are important factors supporting the promise of future private development of the Project site. The Mandel Group involvement in the Project as its Developer and co-manager is a key strength. A pre-eminent locally based real estate developer, the Mandel Group is most recently identified with the luxury University Towers development. The Mandel Group has established itself as an outstanding residential and commercial developer in this area whose successes have reshaped the face of Milwaukee's downtown area. The Developer also indicates that it has already invested over \$5 million to acquire and maintain the North End site, with another \$4-5 million to accompany the City's initial TID grant. Therefore, recovering these "sunk" costs provides a strong Developer incentive to fully develop the site. In addition, the Developer has created a well conceived, four phase conceptual plan of its targeted \$175 million mixed use development.

Letters of interest from financial institutions have also been submitted. However, there are currently no building construction nor related financing commitments to support completion of the North End conceptual plan. This uncertainty prevents a conclusion regarding the likely implementation of the full conceptual plan. The Developer asserts that in order to obtain construction financing, it needs at least \$1.4 million in City funds now to clean up the site along with \$1 million infrastructure expenditures by the City.

The prior version of the Common Council resolution and Term Sheet resembled the approach used for the Brewery Project in that it required no initial construction commitments or Common Council approval once actual building construction commitments were acquired. The revised resolution and Term Sheet do retain the use of current borrowing authority to expend up to \$2.4 million to clean up and install initial infrastructure improvements without any firm construction commitment. However, the \$2.4 million has already been authorized for TID 48 and the clean-up work supported by these funds (and an additional \$4-5 million in Developer spending) is likely to amortize most if not all of the \$2.4 million in City TID costs even if development does not occur in the near future. In addition, the revised resolution and Term Sheet now require Common Council approval of subsequent City funding subject to a set of criteria that the Developer must meet. These criteria include sufficient TID tax increments, the consistency of the planned construction with the overall North End development plan as well as firm financing commitments and executed construction contracts. Should you approve this File, your Committee and the Common Council will have an opportunity to review and approve at a later time any TID spending beyond the initial \$2.4 million up to a maximum total TID expenditure of \$8.5 million.

Is the Proposed \$8.5 million in City TID Assistance needed to allow the Project to Proceed?

There is little doubt that the proposed \$8.5 million in infrastructure, riverwalk and other TID work as described above is reasonably matched to this \$175 million development. Since proposed TID funds are principally applied to streets, water-sewer and other public improvements or private improvements accessible to the general public, it is unlikely that the Developer would be in a position to substitute private funding for a significant portion of the proposed City TID funds.

As in the Brewery Project proposal your Committee recently approved, the predominant business risk to the City is not whether the proposed \$8.5 million will be needed, but whether it will be sufficient to accomplish the entire North End development as now envisioned. With no firm development or financing commitments, issues affecting the ultimate outcome of the Project cannot be answered. Yet unresolved are the possible acquisition of Federal New Market and Section 42 tax credits which could bring millions to the Project. Should these credits materialize, the nature of the Project and/or needed City participation could change. The extent and terms of investor and debt financing are also unknown. Adverse financing results here could lead the Developer back to the City.

Regarding Developer compensation, S.B. Friedman projects an \$18.8 million Developer fee and profit (10.7% of gross revenues)³. In the event of a private financing shortfall, whether the Developer would be willing to defer or reduce any of these fees, whether the Project would be downsized or whether the City would be approached for additional assistance to fill the gap is unknown. But because the requested TID funds are predominantly used for public infrastructure and other publicly accessible rights of way, these issues were not a part of the contract negotiations.

³ This Developer compensation level is within industry norms according to SB Friedman Co, the DCD development consultant. While past development fees/fee ratios for City assisted projects have at times been well below this level for smaller projects, we have no reason to disagree with the DCD consultant conclusion in this matter.

As the presentation unfolded at your prior meeting, the message was that should the City of Milwaukee grant the requested \$8.5 million, the North End Project mixed use development totaling about \$175 million would result. The Developer's excellent track record and North End investment to date speaks well of his commitment, ability and intent to perform. Unfortunately, the Developer has not as yet finalized any phase of its building construction financing. The possibility of private financing difficulties or tax credits altering the City's needed TID contribution exists. As a result, at this point no one can determine how much City assistance will be required to make full development a reality. However, the proposed Term Sheet limits the City's financial exposure to \$2.4 million. Any additional amounts would need to be approved by the Common Council based on specific, fully financed construction plans consistent with the conceptual development plan presented at your last meeting.

Conclusions & Recommendations

Our Office supports the impressive urban design plan authored by a leading Milwaukee developer in the Mandel Group and its USL LLC. In spite of the Project's lack of Developer construction financing commitments and a final plan of finance, the proposed Term Sheet limits the City exposure to \$2.4 million – an amount already authorized for TID 48, and requires Common Council approval beyond that point based on sound financial performance criteria. Based on the above, our Office supports the substitute resolution and this approach to the North End development.

We also make three recommendations for your consideration.

1. The DCD should closely monitor and periodically report to your Committee the actual extent and payroll impact of all construction and permanent jobs created by this Project.
2. Based on the prior ZND presentation, it is assumed that the requested \$8.5 million in City assistance will be sufficient to complete the North End conceptual plan. Should any additional future requests for City financial assistance be made for this Project, these requests would be made focusing on the *minimum* City funds needed ("financing gap")—that which the private sector and other grant sources cannot fill. Analysis would focus on the adequacy of proposed private debt and investor equity financing. Any such requests would need to be approved by the Mayor and Common Council.
3. As a \$6+ million addition to TID costs, this proposal seems sufficient to merit a TID amendment, requiring Joint Review Board approval. Currently there are no City policies to determine under what conditions a TID amendment should be required. While State TID laws are silent on this matter, a past City Attorney opinion suggested that a City policy be developed to guide this decision. This matter should be among those TID practices analyzed by your Committee in 2007.

Should you have any questions regarding the above, please contact me.

Sincerely,



W. Martin Morics
Comptroller

Cc Commissioner Marcoux, Joel Brennan, Tom Gartner, Allison Rozek, James Scherer, Emma Stamps

NOTICES SENT TO FOR FILE: 101297

[illegible]



Legislation Details (With Text)

File #: 110218 **Version:** 1
Type: Ordinance **Status:** In Committee
File created: 6/14/2011 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE
On agenda: **Final action:**
Effective date:

Title: A substitute ordinance relating to the First Amendment to the Detailed Planned Development known as Jennings Neighborhood Center, to revise the list of permitted uses for the site, on lands located on the northwest corner of North 92nd Street and West Center Street, in the 5th Aldermanic District.

Sponsors: ALD. BOHL

Indexes: PLANNED UNIT DEVELOPMENTS, ZONING, ZONING DISTRICT 05

Attachments: Notice Published on 7-1-11 and 7-8-11, Exhibit A as of 7-11-11, Proposed Zoning Change Map, Hearing Notice List

Date	Ver.	Action By	Action	Result	Tally
6/14/2011	0	COMMON COUNCIL	ASSIGNED TO		
6/16/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	REFERRED TO		
6/23/2011	1	CITY CLERK	DRAFT SUBMITTED		
7/1/2011	1	CITY CLERK	PUBLISHED		
7/13/2011	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
7/13/2011	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number

110218

Version

SUBSTITUTE 1

Reference

941005

Sponsor

ALD. BOHL

Title

A substitute ordinance relating to the First Amendment to the Detailed Planned Development known as Jennings Neighborhood Center, to revise the list of permitted uses for the site, on lands located on the northwest corner of North 92nd Street and West Center Street, in the 5th Aldermanic District.

Analysis

This amendment will update the list of uses permitted on the site.

Body

The Mayor and Common Council of the City of Milwaukee ("Common Council"), do ordain as follows:

Part 1. There is added to the Milwaukee Code of Ordinances ("Code") a new section to read as follows:

Section 295-907(2)(c).0171.

(1) In accordance with the provisions of Section 295-907 of the Code relating to the establishment of planned development districts, the Common Council approves the subject amended Detailed Planned Development, a copy of which is attached to this Common Council File as Exhibit A which is on file in the office of the City Clerk and made a part as though fully set forth herein.

(2) The zoning map is amended to change the zoning for the area described and bounded by 2705 North 92nd Street, Tax Key No. 301-0259-111, and 9208 West Center Street, Tax Key No. 301-0259-112, to the First Amendment to the Detailed Planned Development (DPD) known as Jennings Neighborhood Center.

(3) The requirements set forth in said detailed plan attached to this Common Council File as Exhibit A, constitute the zoning regulations for the area contained in such planned development district described, provided further, that the effect of the approval of such detailed plan is that such plan shall limit and control construction, location, use and operation of all land and structures included within the detailed plan to all conditions and limitations set forth in such detailed plan.

Part 2. Any persons, firm, company or corporation owning, controlling or managing any building or premises wherein or whereon there shall be placed or there exists anything in violation of the terms of this ordinance; or who shall build contrary to the plans or specifications submitted to and approved by the Commissioner of the Department of City Development, or any person, firm, company or corporation who shall omit, neglect or refuse to do any act required in this ordinance shall be subject to the penalties provided in Section 200-19 of the Code.

Part 3. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions. The Common Council declares that it would have passed this ordinance and each section, subsection, sentence, clause, phrase or portion irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases or other portions be declared void or invalid.

Drafter

DCD:VLK:kdc

06/23/11

PROOF OF PUBLICATION

STATE OF WISCONSIN
MILWAUKEE COUNTY

} SS

ANN E. RICHMOND, being the first duly sworn on oath, says that she is the publisher as of January 1, 2004, of THE DAILY REPORTER - that the notice of which the printed one attached is a true copy, which copy was clipped from said newspaper, was inserted and published in said newspaper on

07/01/2011 07/08/2011

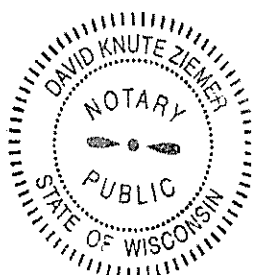
Ann E. Richmond

Subscribed and sworn to before me

July 8, 2011

[Signature]

Notary Public, Milwaukee County, Wisconsin
My Commission Is Permanent



C. NO. 17 FILE NUMBER 110218 OFFICIAL NOTICE

Published by Authority of the Common Council of the City of Milwaukee Office of the City Clerk

Notice is hereby given that an ordinance that was introduced at the June 14, 2011 meeting of the Milwaukee Common Council, the essence of which is as follows:

A substitute ordinance relating to the First Amendment to the Detailed Planned Development known as Jennings Neighborhood Center, to revise the list of permitted uses for the site, on lands located on the northwest corner of North 92nd Street and West Center Street, in the 5th Aldermanic District.

The Mayor and Common Council of the City of Milwaukee ("Common Council") do ordain as follows:

Part 1. There is added to the Milwaukee Code of Ordinances ("Code") a new section to read as follows:

Section 295-907(2)(c).0171:

(1) In accordance with the provisions of Section 295-907 of the Code relating to the establishment of planned development districts, the Common Council approves the subject amended Detailed Planned Development, a copy of which is attached to this Common Council File as Exhibit A which is on file in the office of the City Clerk and made a part as though fully set forth herein.

(2) The zoning map is amended to change the zoning for the area described and bounded by 2705 North 92nd Street, Tax Key No. 301-0259-III, and 9208 West Center Street, Tax Key No. 301-0259-II2, to the First Amendment to the Detailed Planned Development (DPD) known as Jennings Neighborhood Center.

(3) The requirements set forth in said detailed plan attached to this Common Council File as Exhibit A, constitute the zoning regulations for the area contained in such planned development district described, provided further, that the effect of the approval of such detailed plan is that such plan shall limit and control construction, location, use and operation of all land and structures included within the detailed plan to all conditions and limitations set forth in such detailed plan.

Part 2. Any persons, firm, company or corporation owning, controlling or managing any building or premises wherein or whereon there shall be placed or there exists anything in violation of the terms of this ordinance; or who shall build contrary to the plans or specifications submitted to and approved by the Commissioner of the Department of City Development, or any person, firm, company or corporation

who shall omit, neglect or refuse to do any act required in this ordinance shall be subject to the penalties provided in Section 200-19 of the Code.

Part 3. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions. The Common Council declares that it would have passed this ordinance and each section, subsection, sentence, clause, phrase or portion irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases or other portions be declared void or invalid.

Notice is hereby further given that the foregoing matter will be given a public hearing by the Committee on Zoning, Neighborhoods and Development in Room 301-B, City Hall, 200 East Wells Street, Milwaukee, Wisconsin, on Tuesday, July 19, 2011 at 9:00 A.M., pursuant to the provision of Sub-Section (7)(d) of Section 62.23 of the Revised Statutes of the State of Wisconsin.

PLEASE NOTE: a) Members of the Common Council, and members of its Standing Committees who are not members of this Committee, may attend this meeting to participate or to gather information. Therefore, notice is given that this meeting may constitute a meeting of the Common Council or any of its Standing Committees, and must be noticed as such, although they will not take any formal action at this meeting.

b) If you have difficulty with the English language, you may bring an interpreter with you, at your own expense, so that you can answer questions and participate in the hearing.

c) Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through sign language, interpreters or other auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX) 286-3456, (TDD) 286-2025 or by writing to the ADA Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

d) Limited parking for persons attending meetings in City Hall is available at reduced rates (5 hour limit) at the Milwaukee Center on the southwest corner of East Kilbourn and North Water Street. Parking tickets must be validated in Room 205, (City Clerk's Office) or the first floor Information Booth in City Hall.

e) This meeting will be web-cast live at www.milwaukee.gov/channel25.

RONALD D. LEONHARDT,
City Clerk

10793611/7-1-8

Project Boundary and Owner's Statement of Intent

Jennings Neighborhood Center 1st Amendment to Detailed Planned Development (DPD) Common Council File Number 110218

Original DPD: In 1994, the owners, Philip W. Jennings and Leander R. Jennings, changed the zoning of their two parcels, located on the northwest corner of North 92nd Street and West Center Street in the 5th Aldermanic District of the City of Milwaukee (FN 941005), from Neighborhood Shopping (S/D/40) to a Detailed Planned Development (DPD) known as Jennings Neighborhood Center. There are two buildings, which are connected by a common wall, on the site. At the time that the original DPD was approved, a travel agency, medical offices and other uses were located to the south of the site, and the uses that were operating at the site included a lampshade shop, a furniture restoration business, a uniform store, a barber and beauty salon.

First Amendment: This first amendment to this Detailed Planned Development amends the permitted use list to allow for a wider range of possible uses on the site. Currently, a lampshade shop, artworks studio, an estate sales shop, and hair salon occupy the buildings. No new construction is proposed.

Legal description: The legal description of the Site is as follows: Lots 49, 50, 51, and 52, in Block 2 in Menomonee Park Subdivision, being a part of the Northeast ¼ Section 17, in Township 7 North, Range 21 East, in the City of Milwaukee, Milwaukee County, Wisconsin. (Tax Key Nos. 301-0259-112-3 and 301-0259-111-5)

Permitted Uses: Uses that will be permitted on the Site include:

Uses that will be added as part of this First Amendment to the DPD:

1. Public safety facility;
2. Garden supply or landscaping center;
3. Artist studio;
4. Medical office;
5. Business services;
6. Building maintenance services;
7. Catering services;
8. Household repair and maintenance services;
9. Tool/equipment rental facility;
10. Animal hospital/clinic;
11. Animal grooming or training facility;

Previously allowed uses, which will continue to be permitted:

12. Offices;
13. Banks and other financial institutions without drive-through facilities;
14. Membership organizations;
15. General retail establishments without drive-through facilities except those engaged in selling liquor and major appliances;
16. Personal services;
17. Funeral homes;

18. Photographic studios;
19. Dry cleaning and laundry stations;
20. Type A restaurants;
21. Nurseries and greenhouses;
22. On-premises signs;
23. Health clinics;
24. Libraries, art galleries and museums;
25. Commercial parking of motor vehicles not exceeding a rated capacity of 1.5 tons;
26. Rental centers, excluding outdoor activities and the rental of appliances, furniture and electronics;
27. Specialty schools;
28. General purpose grocery stores;
29. Secondhand stores involving the sale of furniture and related household items from estates and individuals;
30. Antique stores;
31. Consumer and business services;
32. Ticket offices and travel agencies;
33. Pet shops without outdoor runs; and
34. Single-family, two-family and multi-family dwellings subject to the following lot and setback requirements:
 - A. Lot Size. 2,400 square feet of lot area shall be provided per family, 1,200 square feet of lot area shall be provided per room and the minimum lot width shall be 30 feet.
 - B. Setbacks. Setbacks shall comply with § 295-314, Milwaukee Code of Ordinances.
35. Other uses accessory to permitted uses

As part of this amendment, the following uses are stricken from the permitted use list and will be prohibited: Laundromat and Day Care Centers.

Hours of operation: It is anticipated that the hours of operation of the permitted uses will be from 8:00 a.m. to not later than 9:00 p.m. Monday through Saturday and 10:00 a.m. to not later than 6:00 p.m. on Sundays, if open.

Access, circulation, and parking: Access to the Site is from North 92nd Street and West Center Street. Vehicular and pedestrian circulation facilities, parking facilities, loading areas and receptacle areas are detailed on the Site Plan. Deliveries will be received and unloaded at the locations shown on the Site Plan. A total of 55 parking spaces will be provided. Illumination of the parking area will be provided by existing lighting.


Future buildings: Two existing buildings, connected by a common wall, currently reside on the site. No additional buildings are being proposed. If, in the future, new buildings are proposed to be constructed on the site (which would require an amendment to the DPD); the building height will not exceed 40 feet.

Signage: Individual tenant signage will be limited to on-building signs and/or signs attached to the awning. Signs will not exceed 100 square feet. No flashing signs will be permitted.





Landscaping: The landscaping and screening elements are depicted on the Site Plan. The landscaping elements will be installed not later than six months after approval of the planned development. The Owners will be responsible for continuous landscape maintenance, including plant material replacement on a seasonal basis. No approved plant material or other landscape material shall be substituted without City approval.

Minor modifications may occur to these detailed plans, however, such modifications will not cause: (a) a change in the general character of the planned development; (b) a substantial relocation of the principal structures; (c) a substantial relocation or reduction of parking and loading areas; (d) a substantial relocation of traffic facilities; (e) an increase in land coverage by the buildings and parking areas; (f) an increase in the gross floor area of the buildings; (g) a substantial reduction in the amount of approved open spaces, landscaping or screening.

**FN 110218
1st Amendment to DPD
July 2011**

 Proposed Zoning Change





Residential Districts

-  Single Family (RS1-6)
-  Two-Family (RT1-4)
-  Multi-Family (RM1-7)
-  Residential and Office (RO1-2)





Commercial Districts

-  Neighborhood Shopping (NS1-2)
-  Local Business (LB1-2)
-  Commercial Service (CS)
-  Regional Business (RB1-2)
-  Central Business (C9A-C9H)

Industrial Districts

-  Industrial - Office (IO)
-  Industrial - Light (IL1-2)
-  Industrial - Mixed (IM)
-  Industrial - Heavy (IH)

Special Districts

-  Parks (PK)
-  Institutional (TL)
-  Planned Development (PD, DPD)
-  Redevelopment (RED)



NOTICES SENT TO FOR FILE: 110218

[illegible]

2728 30 N 92ND STREET LLC
7311 W BURLEIGH ST
MILWAUKEE WI 53210

D SWARTHOUT, B SWARTHOUT
9118 W CENTER ST
MILWAUKEE WI 53222

JODI A LAUSCHER
9302 W CENTER ST
MILWAUKEE WI 53222

BONNIE R MORTAG
2728 N 94TH ST
MILWAUKEE WI 53220

DAVID G FULLINGTON & SUSAN
9311 W CENTER ST
MILWAUKEE WI 53222

K BAINES, B BAINES
9230 W CENTER ST
MILWAUKEE WI 53222

CAIN, PAUL R & MARY M
2723 N 91ST ST
MILWAUKEE WI 53222

D LAUN, G SMITH
2775 N 92ND ST
MILWAUKEE WI 53222

L YANNARAS, C YANNARAS
9310 W CENTER ST
MILWAUKEE WI 53222

CAROL L GAD
2743 N 94TH ST
MILWAUKEE WI 53222

E FRICKER, R FRICKER, J GEBAUER
13335 MARQUETTE AV
ELM GROVE WI 53122

L MARRERO, RK BUCHMEIER
MARRERO
9231 W HADLEY ST
MILWAUKEE WI 53222

CENTER AND 92ND STREET LLC
2000 S 4TH ST
MILWAUKEE WI 53204

G FAILEY, M FAILEY, K FAILEY
9036 W PALMETTO AV
MILWAUKEE WI 532255014

M DETHLOFF, V DETHLOFF, A
DETHLOFF
9112 W CENTER ST
MILWAUKEE WI 53222

CENTER CORNER C/O J KELLING
8930 W NORTH AVE #208
MILWAUKEE WI 53229

G MIKOLAJCZAK, M MIKOLAJCZAK
9309 W HADLEY ST
MILWAUKEE WI 53222

MARTIN & BRENDA MIKELL
9301 W HADLEY ST
MILWAUKEE WI 53222

C ROGOWSKI, K KRETSCHMANN
W181 N8967 MELANIE LN
MENOMONEE FALLS WI 53051

HOWARD BISCOBING & ELAINE HW
20800 BROOK PARK DR
BROOKFIELD WI 530454640

M ROSTERMUNDT, B OLSON
2751 N 94TH ST
MILWAUKEE WI 53222

C L DUFFRIN
12580 GREEN MEADOW PL
ELM GROVE WI 53122

JAMES E ZINDA
9327 W CENTER ST
MILWAUKEE WI 53226

M WOOD, P WAUER
2737 N 92ND ST
MILWAUKEE WI 53222

CHRIST KING CONGREGATION
2604 SWAN BLVD
MILWAUKEE WI 53226

J BLASIOLA, J BLASIOLA
2662 N 93RD ST
MILWAUKEE WI 53226

PAUL G CASANOVA
2734 N 92ND ST
MILWAUKEE WI 53222

C SCHROEDER, D SCHROEDER
2739 N 91ST ST
MILWAUKEE WI 532224640

J LUECKING, B LUECKING
2662A N 93RD ST
MILWAUKEE WI 53226

R BANTIN, B VAN VECHTEN, J VECHTEN
2751 N 92ND ST
MILWAUKEE WI 532224503

Use Avery 5960 Template

RAMONA M ARMOUR
2660 N 93RD ST
MILWAUKEE WI 53226

SUSAN M STONER
2660 A N 93RD ST
MILWAUKEE WI 53226

R H KLAMMER, J A KLAMMER
2756 N 94TH ST
MILWAUKEE WI 53224507

TERRANCE P DEAL, DONNA DEAL
978 SHELLY CT
OCONOMOWOC WI 53066

R H KLAMMER, T KLAMMER
2756 N 94TH ST
MILWAUKEE WI 53222

TERRY L SOUSEK & K M SOUSEK
2665 N 93RD ST
MILWAUKEE WI 53226

RESTATED JENNINGS REVOC TR
7635 W BLUE MOUND RD
MILWAUKEE WI 53213

TIMOTHY J THUR, S J GRUBE-THUR
2761 N 94TH ST
MILWAUKEE WI 53222

R FRENN, M C FRENN
9217 W HADLEY ST
MILWAUKEE WI 53222

TODD M VANDRE, DOREEN K VANDRE
2740 N 94TH ST
MILWAUKEE WI 53222

ROBERT M KNACKERT
2700 N 94TH ST
MILWAUKEE WI 53222

ROBERT RITTER, WM KNAVEL
9122 W CENTER ST
MILWAUKEE WI 53222

ROSEMARY S LINK
2750 N 94TH ST
MILWAUKEE WI 53222

SAMMAN MEHDI
9319 W CENTER ST
MILWAUKEE WI 53222

STEVEN & TRACY ALVAREZ
2731 N 91ST ST
MILWAUKEE WI 53222



Legislation Details (With Text)

File #: 110359 **Version:** 1

Type: Resolution **Status:** In Committee

File created: 7/6/2011 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Substitute resolution relating to a minor modification to the Detailed Planned Development known as Milwaukee Job Corps, to allow for a fence, on land located on the west side of North 60th Street and south of West Briggs Avenue, in the 9th Aldermanic District.

Sponsors: ALD. PUENTE

Indexes: FENCES, PLANNED UNIT DEVELOPMENTS, ZONING, ZONING DISTRICT 09

Attachments: Exhibit A as of 7-11-11

Date	Ver.	Action By	Action	Result	Tally
7/6/2011	0	COMMON COUNCIL	ASSIGNED TO		
7/13/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	REFERRED TO		
7/13/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
7/13/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
7/14/2011	1	CITY CLERK	DRAFT SUBMITTED		

Number

110359

Version

SUBSTITUTE 1

Reference

051674, 071335

Sponsor

ALD. PUENTE

Title

Substitute resolution relating to a minor modification to the Detailed Planned Development known as Milwaukee Job Corps, to allow for a fence, on land located on the west side of North 60th Street and south of West Briggs Avenue, in the 9th Aldermanic District.

Analysis

This minor modification will allow for a perimeter fence to be placed around the campus.

Body

Whereas, Section 295-907-2(i) of the Milwaukee Code of Ordinances permits minor modifications to planned developments after approval of the Common Council; and

Whereas, The detailed plan for a planned development ("DPD") known as Milwaukee Job Corps, located on the west side of North 60th Street and south of West Briggs Avenue, was approved by the Common Council of the City of Milwaukee on February 26, 2008, under File No. 071335; and

Whereas, The addition of a perimeter fence around the property is consistent with the spirit and intent of the approved plan and will not adversely affect the surrounding

development and a copy of which is attached to this Common Council File as Exhibit A which is on file in the office of the City Clerk and made a part as though fully set forth herein; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the minor modification:

1. Is consistent with the spirit and intent of the previously approved DPD.
2. Will not change the general character of the DPD.
3. Will not cause a substantial relocation of principal or accessory structures.
4. Will not cause a substantial relocation or reduction of parking, loading or recreation areas.
5. Will not cause a substantial relocation of traffic facilities.
6. Will not increase the land coverage of buildings and parking areas.
7. Will not increase the gross floor area of buildings or the number of dwelling units.
8. Will not reduce the amount of approved open space, landscaping or screening; and, be it

Further Resolved, That the minor modification is approved in accordance with the Milwaukee Code of Ordinances, Section 295-907-2(i).

Drafter

DCD:VLK:kdc

07/13/11

MEMORANDUM

DATE:
6/29/2011

TO:
Vanessa Koster
City of Milwaukee - DCD

FROM:
Ursula Twombly, AIA
Principal

PROJECT:
Milwaukee Job Corps Center

PROJECT NUMBER:
DOL079RP20286
CAP # 070301

DISTRIBUTION:
Carleton Hawpe

DELIVERED VIA:

☐ MAIL
☐ COURIER

☐ HAND
☒ EMAIL

☐ FAX
☐ OTHER

Dear Vanessa

On behalf of the Milwaukee Job Corps we are requesting to add a perimeter fence around the property. The main reason for the fence is to keep the students from wandering off. The perimeter fence consists of a chain link fence along the north, west and south property lines and a decorative fence along 60th street. The decorative fence is also interrupted by masonry piers that match the entry monument sign.

The Job Corps Center Operator, Jim Roberts from Minact has met with various neighborhood groups, as well as with Alderman Puente and everyone appears to be in favor of this change.

This set of drawings also includes the playfields, which were approved as part of the initial development plan. The project was not able to afford the playfields during construction – they will be installed now along with the fence.

We anticipate installing the perimeter fence and playfields later this summer.

Thank you for your consideration.



Ursula Twombly, AIA
Principal, Continuum Architects + Planners, S.C.



Legislation Details (With Text)

File #: 110360 **Version:** 1

Type: Resolution **Status:** In Committee

File created: 7/6/2011 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Substitute resolution authorizing the sale of up to 20 in-rem, single-family and duplex homes to Maures Development Group, LLC and Brinshore Development L.L.C. for renovation into a minimum of 24 affordable housing rental units, in the 6th and 15th Aldermanic Districts.

Sponsors: ALD. HINES JR.

Indexes: CITY PROPERTY, HOUSING, IN REM JUDGMENTS, PROPERTY SALES

Attachments: Fiscal Impact Statement, Land Disposition Report, Hearing Notice List

Date	Ver.	Action By	Action	Result	Tally
7/6/2011	0	COMMON COUNCIL	ASSIGNED TO		
7/13/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
7/13/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number
110360
Version
SUBSTITUTE 1
Reference

Sponsor
ALD. HINES

Title
Substitute resolution authorizing the sale of up to 20 in-rem, single-family and duplex homes to Maures Development Group, LLC and Brinshore Development L.L.C. for renovation into a minimum of 24 affordable housing rental units, in the 6th and 15th Aldermanic Districts.

Analysis
This substitute resolution authorizes the sale of Neighborhood Improved Properties according to the conditions in a Land Disposition Report pursuant to Section 304-49-7, Milwaukee Code of Ordinances.

Body
Whereas, Maures Development Group, LLC and Brinshore Development L.L.C. have proposed to restore single-family and two-unit scattered site housing in the 6th and 15th Aldermanic Districts by rehabilitating and offering rental housing using federal affordable housing tax credits and Neighborhood Stabilization Program funds as summarized in a Land Disposition Report, a copy of which is attached to this Common Council File; and

Whereas, Maures Development Group, LLC and Brinshore Development L.L.C. have offered to purchase up to 20 City-owned Neighborhood Improved Properties in impacted foreclosure target areas generally bounded by Locust Street to the North, Vliet Street to the South, North 20th Street to the West and North 8th Street to the East; and

Whereas, Maures Development Group, LLC and Brinshore Development L.L.C. will maintain

these properties for the federally required affordable rental period of 15 years; and

Whereas, Section 304-49-7 of the Milwaukee Code of Ordinances allows the City of Milwaukee ("City") to accept unsolicited offers to purchase property when the City receives fair compensation, whether monetary or non-monetary; and

Whereas, Sale of these properties will allow Maures Development Group, LLC and Brinshore Development L.L.C. to provide affordable rental housing to qualified households and will provide the City with fair compensation through additional tax base and housing opportunities; and

Whereas, The Department of City Development ("DCD") has reviewed the offer and the development proposal and has determined that the proposed price and development represent fair compensation to the City considering the offering price and investment in neighborhoods; and

Whereas, DCD recommends sale of these properties with closing contingent on DCD approval of final site and restoration plans; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the proposal submitted by Maures Development Group, LLC and Brinshore Development L.L.C. to purchase up to 20 City-owned Neighborhood Improved Properties in the target areas, as stated herein and in the Land Disposition Report, is accepted; and, be it

Further Resolved, That the Commissioner of DCD, or designee, is authorized to execute an Offer, Option to Purchase, Agreement for Sale, release any deed restrictions that inhibit development and execute other legal documents on behalf of the City and to close the transaction according to the terms contained herein and in the Land Disposition Report; and, be it

Further Resolved, That in the event additional City-owned Neighborhood Improved Properties in the target areas become available through tax foreclosure, selected properties are unable to be restored or by termination of the existing Exclusive Right to Negotiate letter agreed to by the City and Maures Development Group, LLC and Brinshore Development L.L.C., that the Commissioner of DCD is authorized to amend the Option to Purchase with Maures Development Group, LLC and Brinshore Development L.L.C. to include other properties for this project upon the consent of the local members of the Common Council; and, be it

Further Resolved, That the sale proceeds, less sale expenses and a 30 percent disposition cost reimbursement to the Redevelopment Authority of the City of Milwaukee, shall be credited to the Reserve For Tax Deficit Fund Account No. 0001-334106.

Drafter

DCD:CWC:cwc

07/13/11



City of Milwaukee Fiscal Impact Statement

A	Date	7/13/2011	File Number	110360	<input checked="" type="checkbox"/> Original	<input type="checkbox"/> Substitute
	Subject	Substitute resolution authorizing the sale of up to 20 in-rem, single-family and duplex homes to Maures Development Group, LLC and Brinshore Development L.L.C. for renovation into a minimum of 24 affordable housing rental units, in the 6th and 15th Aldermanic Districts.				

B	Submitted By (Name/Title/Dept./Ext.)	Rocky Marcoux, Commissioner, DCD, x5800
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C	This File	<input type="checkbox"/> Increases or decreases previously authorized expenditures.
	<input type="checkbox"/> Suspends expenditure authority.	
	<input type="checkbox"/> Increases or decreases city services.	
	<input type="checkbox"/> Authorizes a department to administer a program affecting the city's fiscal liability.	
	<input checked="" type="checkbox"/> Increases or decreases revenue.	
	<input type="checkbox"/> Requests an amendment to the salary or positions ordinance.	
	<input type="checkbox"/> Authorizes borrowing and related debt service.	
	<input type="checkbox"/> Authorizes contingent borrowing (authority only).	
	<input type="checkbox"/> Authorizes the expenditure of funds not authorized in adopted City Budget.	

D	Charge To	<input type="checkbox"/> Department Account	<input type="checkbox"/> Contingent Fund
	<input type="checkbox"/> Capital Projects Fund	<input type="checkbox"/> Special Purpose Accounts	
	<input type="checkbox"/> Debt Service	<input type="checkbox"/> Grant & Aid Accounts	
	<input type="checkbox"/> Other (Specify)		

E	Purpose	Specify Type/Use	Expenditure	Revenue
	Salaries/Wages		\$0.00	\$0.00
			\$0.00	\$0.00
	Supplies/Materials		\$0.00	\$0.00
			\$0.00	\$0.00
	Equipment		\$0.00	\$0.00
			\$0.00	\$0.00
	Services		\$0.00	\$0.00
			\$0.00	\$0.00
	Other	Sale of in-rem properties	\$0.00	\$100,000.00
			\$0.00	\$0.00
	TOTALS		\$ 0.00	\$100,000.00

F

Assumptions used in arriving at fiscal estimate. _____

G

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years**H**

List any costs not included in Sections D and E above. _____

I

Additional information.

The sale proceeds, less sale expenses and a 30 percent disposition cost reimbursement to the Redevelopment Authority of the City of Milwaukee, shall be credited to the Reserve For Tax Deficit Fund Account No. 0001-334106

JThis Note ☐ Was requested by committee chair.

LAND DISPOSITION REPORT
COMMON COUNCIL OF THE CITY OF MILWAUKEE

RESPONSIBLE STAFF

Clifton Crump, Real Estate Section (286-5805)

PROPOSED ACTIVITY

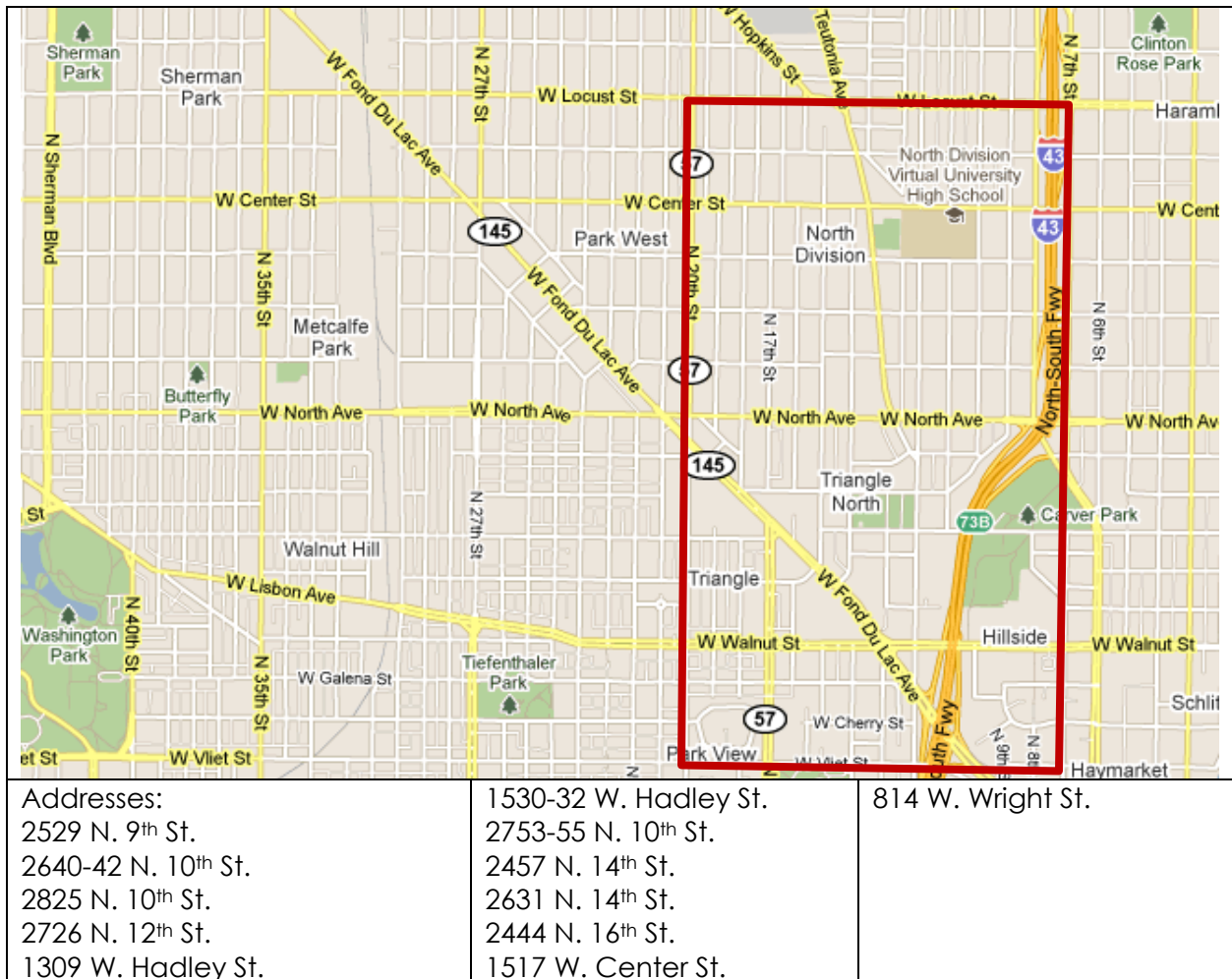
Authorize an Option to Purchase with Maures Development Group, LLC and Brinshore Development L.L.C. for the restoration of up to 20 properties, providing a minimum of 24 affordable rental housing units. The homes will be renovated on sites throughout the Lindsay Heights neighborhood by utilizing a combination of WHEDA Tax Credits, Neighborhood Stabilization Program (NSP) funds and private funds.

BUYER

This development will be executed by the co-development team of Maures Development Group, LLC ("Maures") and Brinshore Development L.L.C. ("Brinshore"). Maures was founded in 2006 by Melissa Goins, a Milwaukee-based real estate service firm that specializes in developing and redeveloping affordable housing. The firm is active with multi-family, retail and office projects as an owner/developer, development manager for other companies and land use planning.

Brinshore is a Northbrook, Illinois real estate development firm founded in 1994. The company has an extensive portfolio of residential projects ranging from large scale master planned communities, to major historic restorations. Brinshore's principals are David Brint and Richard Sciortino, both of whom have extensive experience in the housing and financial sectors.

Over the past three years, Maures and Brinshore have successfully partnered to construct both the Franklin Square Apartment project, consisting of 27 apartment units and 10 townhomes near 15th and Center, and Heart and Hope Place, which consists of 24 apartment units located on Dr. Martin Luther King Jr. Drive. Both developments currently have 100% occupancy rates. Recently, this co-development team has been awarded WHEDA tax credits to assist in the construction of a 37-unit building in the Sherman Park neighborhood that will be named, The Century City Lofts. These three projects alone total more than \$20 million of real estate investment.



PROPERTIES

Development will be focused in one neighborhood and two Aldermanic Districts that abut one another. All proposed building renovations will complement past home construction in this neighborhood, while maintaining the unique exterior character of each property.

The final mix of properties to be renovated may shift based on the availability and quality of the sites. Maures and Brinshore sought, and DCD real estate only made available, properties that at best can be described as “marginal.” If any properties are determined to be infeasible for restoration, as the developers examine both the interior and exterior of the properties or additional properties become City-owned, the Commissioner of DCD may substitute a property in the target areas upon approval from the local alderperson.

PROJECT DESCRIPTION



The rehab rental project will consist of a minimum of 24 affordable rental units, two to four bedrooms in each, with each unit averaging 1,250 sq. ft. in size. The target market is households with incomes that are 30%, 50% and 60% of the Area Median Income. The developers will be bound by a 15-year tax credit compliance period, which ensures that the properties will remain under common ownership, which ultimately adds value and stability to these neighborhoods. Total project costs are estimated at \$3.3 million.

OFFER TERMS & CONDITIONS

The purchase price will be \$5,000 per City property and conveyance will be on an “as is” basis. A purchase and sale agreement shall be drafted by the City Attorney. A \$5,000 performance deposit will be submitted at closing and shall be held until satisfactory completion of the project. The sale proceeds, less sale expenses and a 30 percent disposition cost reimbursement to the Redevelopment Authority of the City of Milwaukee, shall be credited to the Reserve For Tax Deficit Fund Account. Final restoration and site plans must be approved by the Department of City Development.

The Buyer will be given six months to close on the properties from the date of Common Council authorization permitting the sale of the properties. If the Buyer requires additional time beyond that date to obtain financing or finalize (and gain approval of) plans, the Commissioner of DCD may extend the option for a six-month period upon submission of a \$500 non-refundable renewal fee and satisfactory progress report on the project.

NOTICES SENT TO FOR FILE: 110360

[illegible]



Legislation Details (With Text)

File #: 110381 **Version:** 1

Type: Resolution **Status:** In Committee

File created: 7/6/2011 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Substitute resolution directing the Department of City Development to sell the vacant, City-owned lot at 3034 North 74th Street to the owners of the adjoining properties, in the 10th Aldermanic District.

Sponsors: ALD. MURPHY

Indexes: CITY PROPERTY, PROPERTY SALES

Attachments: Hearing Notice List, Fiscal Impact Statement, Land Disposition Report

Date	Ver.	Action By	Action	Result	Tally
7/6/2011	0	COMMON COUNCIL	ASSIGNED TO		
7/13/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number
110381
Version
SUBSTITUTE 1
Reference

Sponsor
ALD. MURPHY

Title
Substitute resolution directing the Department of City Development to sell the vacant, City-owned lot at 3034 North 74th Street to the owners of the adjoining properties, in the 10th Aldermanic District.

Analysis
This substitute resolution directs the Department of City Development to sell the vacant, City-owned lot at 3034 North 74th Street to the owners of the adjoining north property at 3040 North 74th Street and the adjoining south property at 3030 North 74th Street.

Body
Whereas, The vacant, City-owned lot at 3034 North 74th Street is surplus to City of Milwaukee ("City") needs; and

Whereas, The owners of the adjoining north property at 3040 North 74th Street and the adjoining south property at 3030 North 74th Street desire to purchase the property at 3034 North 74th Street to combine it with their properties; and

Whereas, 3034 North 74th Street will be divided equally between the adjoining north and south property owners; and

Whereas, Should one of the adjoining property owners be unwilling or unable to purchase one half of 3034 North 74th Street, then it may be sold in its entirety to the remaining adjoining property owner; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the Department of City Development is directed to sell the vacant, City-owned lot at 3034 North 74th Street to

the owners of the adjoining north property at 3040 North 74th Street and the adjoining south property at 3030 North 74th Street according to the terms and conditions of a Land Disposition Report, a copy of which is attached to this Common Council File; and, be it

Further Resolved, That the Department of City Development is further directed to negotiate the terms of the sale, including the sale price, with the purchasers in consultation with the local Common Council member.

Drafter

DCD/Real Estate

YSL:ysl

07/14/11

NOTICES SENT TO FOR FILE: 110381

[illegible]



City of Milwaukee Fiscal Impact Statement

A	Date	7/14/2011	File Number	110381	<input checked="" type="checkbox"/> Original	<input type="checkbox"/> Substitute
	Subject	Substitute resolution directing the Department of City Development to sell the vacant, City-owned lot at 3034 North 74th Street to the owners of the adjoining properties, in the 10th Aldermanic District.				

B	Submitted By (Name/Title/Dept./Ext.)	Rocky Marcoux, Commissioner, Department of City Development, x5800
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C	This File	<input type="checkbox"/> Increases or decreases previously authorized expenditures.
	<input type="checkbox"/> Suspends expenditure authority.	
	<input type="checkbox"/> Increases or decreases city services.	
	<input type="checkbox"/> Authorizes a department to administer a program affecting the city's fiscal liability.	
	<input checked="" type="checkbox"/> Increases or decreases revenue.	
	<input type="checkbox"/> Requests an amendment to the salary or positions ordinance.	
	<input type="checkbox"/> Authorizes borrowing and related debt service.	
	<input type="checkbox"/> Authorizes contingent borrowing (authority only).	
	<input type="checkbox"/> Authorizes the expenditure of funds not authorized in adopted City Budget.	

D	Charge To	<input type="checkbox"/> Department Account	<input type="checkbox"/> Contingent Fund
	<input type="checkbox"/> Capital Projects Fund	<input type="checkbox"/> Special Purpose Accounts	
	<input type="checkbox"/> Debt Service	<input type="checkbox"/> Grant & Aid Accounts	
	<input type="checkbox"/> Other (Specify)		

E	Purpose	Specify Type/Use	Expenditure	Revenue
	Salaries/Wages		\$0.00	\$0.00
			\$0.00	\$0.00
	Supplies/Materials		\$0.00	\$0.00
			\$0.00	\$0.00
	Equipment		\$0.00	\$0.00
			\$0.00	\$0.00
	Services		\$0.00	\$0.00
			\$0.00	\$0.00
	Other		\$0.00	\$0.00
			\$0.00	\$0.00
	TOTALS		\$ 0.00	\$ 0.00

F

Assumptions used in arriving at fiscal estimate. _____

G

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years**H**

List any costs not included in Sections D and E above. _____

I

Additional information.

The sales price(s) shall be negotiated. Sales proceeds, less sales expenses and a 30% disposition cost reimbursement to the Redevelopment Authority of the City of Milwaukee, shall be credited to the Reserve For Tax Deficit Fund.

JThis Note ☐ Was requested by committee chair.

LAND DISPOSITION REPORT
COMMON COUNCIL OF THE CITY OF MILWAUKEE

RESPONSIBLE STAFF

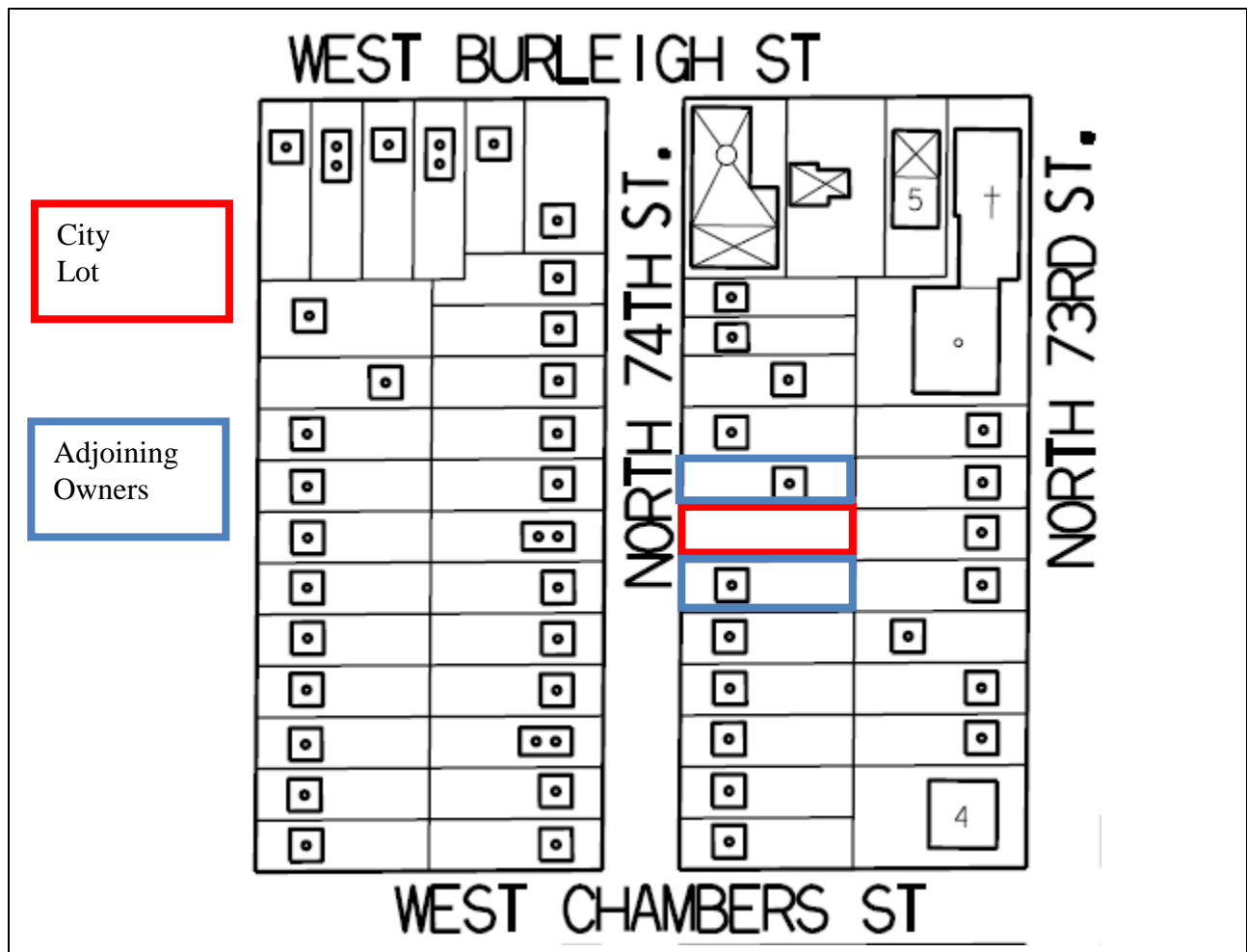
Yves LaPierre, Real Estate Section (286-5762)

PROPERTY

Sale of 3034 North 74th Street a 40' x 145', 5800 SF City-owned vacant lot.

BUYERS

The adjoining north property owner at 3040 North 74th Street and the adjoining south property owner at 3030 North 74th Street



OFFER TERMS AND CONDITIONS

The sales price will be negotiated with the buyers. Property must be sold by December 31, 2011, otherwise it will be returned to the City inventory. The property will be sold "as is." Should one of the adjoining property owners be unwilling or unable to purchase one half of 3034 North 74th Street, then 3034 North 74th Street may be sold in its entirety to the remaining adjoining property owner

Sale proceeds, less sale expenses and a 30 percent disposition cost reimbursement to the Redevelopment Authority of the City of Milwaukee, shall be credited to the Reserve For Tax Deficit Fund. Deed restrictions will require that 3034 North 74th Street be maintained as green space and prohibit selling the lot separately from the adjoining north property at 3040 North 74th Street and the adjoining south property at 3030 North 74th Street.