

Economic Feasibility Study

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

Prepared for:

Redevelopment Authority of the City of Milwaukee

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City of Milwaukee
TID #48/Proposed Amendment #2

Economic Feasibility Study

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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%
WHEDA Beginning Balance	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	1,281,795	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
Total WHEDA Payments		860,614	1,290,921	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%
City Beginning Balance	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	3,592,250	3,461,963	3,324,327	3,178,927	3,025,326	2,863,060
City Interest Payment		169,728	254,592	249,711	244,556	239,110	233,356	227,278	220,857	197,574	190,408	182,838	174,841	166,393	157,468
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
Plus Additional Principal Paid from Int Savings		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	3,592,250	3,461,963	3,324,327	3,178,927	3,025,326	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
Payment on B Bond Accrued Interest	0%	0	0	0	0	0	0	0	0	0	145,423	216,908	290,486	366,217	284,467
Payment on B Bond Principal		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	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	

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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