

Project Plan
For
Tax Incremental District Number No. 109
City of Milwaukee
(Michigan Street Commons)

Public Hearing Held:
Redevelopment Authority Adopted:
Common Council Adopted:
Joint Review Board Approval:

Prepared by
Department of City Development
June 1, 2022

In Conformance with the provisions
Of Section 66.1105, Wisconsin Statutes,
as Amended.

I. DESCRIPTION OF PROJECT

A. Introduction

Section 66.1105(4) (d), Wisconsin Statutes, requires the "preparation and adoption... of a proposed project plan for each tax incremental district." This Project Plan is submitted in fulfillment of this requirement and the related provisions of section 66.1105, Wisconsin Statutes.

B. District Boundaries

Tax Incremental District Number 109 ("District" or "TID No. 109"), City of Milwaukee, Michigan Street Commons, is comprised of two parcels totaling 33,832 square feet or .78 acres ("Property"). The District is shown on Map No. 1, "Boundary and Existing Land Use," and described more precisely in Exhibit 1, "Boundary Description."

All of the area and real property located within the District was found to be in need of rehabilitation or conservation work within the meaning of Section 66.1105 (4) (gm) of the Wisconsin Statutes. Exhibit 2 "Property Characteristics," illustrates how the properties in the District meet the statutory criteria for Tax Incremental Districts. The project does not contain any retail space and per Wisconsin Statute 66.1105 (5) (b), 0% of the property within the district will be devoted to retail business at the end of the maximum expenditure period.

C. Plan Objectives

The Property is located on the Southwest corner of North 9th Street West Michigan Street in Milwaukee's downtown neighborhood. The Property is currently vacant.

The developer for the site is Bear Development ("Developer"). The Developer is proposing a redevelopment plan for the Property that includes the construction of a multifamily apartment building with 99 housing units, all affordable to families earning under 60% of Area Median Income. The land adjacent to the parcel (not part of TID No. 109) is proposed for future multi-phase development including a soccer stadium, hotel, entertainment venue and commercial space.

The site is located in Milwaukee's downtown neighborhood, which continues to experience significant new development, including commercial, entertainment, hospitality retail, residential, and public space. The purpose of the District is to continue to spur revitalization in the area, by redeveloping the Property as a high quality development with affordable housing opportunities for residents.

The more detailed objectives of this Project Plan are to:

1. Eliminate a vacant blighting influence in the downtown neighborhood.

2. Promote the coordinated development of underutilized property for appropriate residential use.
3. Provide affordable housing opportunities in the downtown neighborhood.
4. Create new employment opportunities.

D. Existing Land Uses in the District

The District is comprised of two parcels containing 33,832 square feet. The site is vacant and underutilized. One of the parcels is currently exempt, and the other is assessed at \$370,260. The properties are zoned C9G – Mixed Activity.

II. PLAN PROPOSALS

A. Statutory Requirements

Section 66.1105(4) (f), Wisconsin Statutes, requires that a Project Plan for a Tax Incremental District shall include:

"... a statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided in subsection (2) (f)1.k., outside the district, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when the costs or monetary obligations related thereto are to be incurred. The plan shall also include a map showing existing uses and conditions of real property in the district; a map showing proposed improvements and uses in the district; proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances; a list of estimated non-project costs; and a statement of a proposed method for the relocation of any persons to be displaced. The plan shall indicate how creation of the tax incremental district promotes the orderly development of the city."

The plan shall also include an opinion of the City Attorney or of any attorney retained by the City advising whether such plan is complete and complies with Section 66.1105(4) (f), Wisconsin Statutes.

B. Compliance with Statutory Requirements

The following statements, maps and exhibits are provided in compliance with the statutory requirements.

1. "Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements."

Funds generated from the District will provide an annual grant to the Developer to offset costs associated with redevelopment of the Project. The City will make payments to the

Developer equal to 100% of the incremental taxes collected in the District from real and personal property, less an annual administration charge, until such time as \$1,800,000 is repaid by payments at an interest rate of 5.25% over a period not to exceed 19 years (the “Monetary Obligation”). See the Term Sheet, attached as Exhibit 3, “Term Sheet”.

2. "Detailed List of Estimated Project Costs."

The costs included in this subsection and detailed in Table B which follows are, without limitation hereof because of enumeration, claimed as eligible Project Costs as defined under Section 66.1105(2) (f) and, if appropriate, in any Cooperation Agreement (s) presently or subsequently entered into by and between the City of Milwaukee, the Redevelopment Authority of the City of Milwaukee, and/or eligible designated Developer(s), provided further that such expenditures are necessitated by this Project Plan.

These costs and cost estimates are more fully described as follows:

Capital Costs

The City shall fund an estimated \$1,800,000 in the form of TID Capital Project Costs enumerated in further detail in Table A of this Plan. The allocation of these costs will be set forth in the Term Sheet.

| TABLE A: TID Capital Project Costs | |
|--|--------------------|
| Grant to Project (Monetary Obligation to Developer) | \$1,800,000 |
| | |
| TOTAL Capital Project Costs | \$1,800,000 |

Other Costs

This category of Project Costs includes estimates for administrative, professional, organizational and legal costs.

Financing Costs

Financing costs include estimated gross interest expense on the Monetary Obligation to repay the Developer. Estimates of interest are based on interest rates as Exhibit 4, “Feasibility Study.” The City reserves the right to prepay the Monetary Obligation to the Developer, which could require issuance of general obligation debt, as described in the Term Sheet.

Table B - List of Estimated Project Costs

| | | |
|---|--|--------------|
| A | <u>Capital:</u> Grant to Project (Monetary Obligation to Developer) | \$ 1,800,000 |
| B | <u>Other:</u> Administration (\$7,500/year for 19 years) | \$ 142,500 |
| | Total Estimated Project Costs, excluding financing | \$ 1,942,500 |
| C | <u>Financing:</u> Interest | \$ 1,291,300 |

3. "Description of Timing and Methods of Financing."

All expenditures are expected to be incurred during the period from 2022 through 2041.

The annual payments to the Developer will be repaid pursuant to the Monetary Obligation, using incremental taxes generated annually in the District.

4. "Economic Feasibility Study."

The Economic Feasibility Study for this District prepared by the Department of City Development and titled *Economic Feasibility Study: Tax Increment District No. 109* is attached to this Project Plan as Exhibit 4, "Feasibility Study." The study establishes the dollar value of Project costs, which, based on certain general assumptions and a reasonable margin of safety, can be financed with the revenues projected to be generated by the proposed tax incremental district.

Based upon the anticipated tax incremental revenue to be generated by this project, the District is financially feasible and is likely to be retired on or before the year 2041. Should incremental revenues be generated in excess of those currently anticipated, they may be used to accelerate the repayment of the Monetary Obligation for the Project.

5. "Map Showing Existing Uses and Conditions."

Please refer to Map No. 1, "Boundary and Existing Land Use," Map No. 2, "Structure Condition," and Exhibit 5, "Property Owners" in the Exhibits Section, which follows.

6. "Map Showing Proposed Improvements and Uses."

Please refer to Map No. 3, "Proposed Improvements and Uses," in the Exhibits Section which follows.

7. "Proposed Change of Zoning Ordinances, Master Plan, Building Codes and City Ordinances."

Please refer to Map No. 4, "Existing Zoning," in the Exhibits Section which follows. The proposed Project is consistent with existing zoning, which is C9G (Mixed Activity). The

proposed Project is in accordance with the existing master plan, building codes, and other city ordinances. The Project should not require amendments to their provisions, but such amendments could be made if necessary without further amendment to this Project Plan.

8. "List of Estimated Non-Project Costs."

\$0 – there are no Non-Project Costs.

9. "Proposed Method for Relocation."

The Project Plan does not anticipate the acquisition of property by the City of Milwaukee, accordingly, no relocation activities or expenditures for relocation payments or services are provided herein. If, at a later date, it is determined that acquisition of property by condemnation and requiring relocation will be necessary, the cost and method of relocation will be included in a Redevelopment Plan and associated Relocation Plan prepared pursuant to sec. 66.1333 and sec. 32.05, Wis. Stats. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

10. "Statement Indicating How District Creation Promotes Orderly City Development."

The proposed District is consistent with existing zoning and the goals of the Downtown Area Comprehensive Plan, which is part of the City of Milwaukee's overall Comprehensive Plan. The area plan encourages a variety of housing types, with varying levels of affordability. The plan also encourages additional residential development west of North 6th Street in the downtown area. The proposed development is consistent with plan recommendations.

11. "Opinion of the City Attorney."

Please see Exhibit 6, "Letter from the City Attorney" in the Exhibits Section, which follows

EXHIBITS

| <u>Exhibit</u> | <u>Title</u> |
|----------------|---|
| Exhibit 1 | Boundary Description |
| Exhibit 2 | Property Characteristics |
| Exhibit 3 | Term Sheet |
| Exhibit 4 | Economic Feasibility Study |
| Exhibit 5 | Property Owners |
| Exhibit 6 | City Attorney's Letter |
| Map 1 | Boundary and Existing Land Use |
| Map 2 | Structure Condition |
| Map 3 | Proposed Uses and Proposed Improvements |
| Map 4 | Existing Zoning |

Exhibit 1

Boundary Description

Those parts of Lots 1 through 13, Block 246 in James Kneeland's Subdivision, North 9th Street and the vacated portion of North 9th Street all in the Northwest 1/4 of the Southwest 1/4 Section 29, Township 7 North, Range 22 East in the City of Milwaukee, Milwaukee County, Wisconsin.

Commencing at the Northwest corner of the Southwest 1/4 of Section 29, Township 7 North, Range 22 East; thence North 88°48'53" East along the north line of said 1/4 section, a distance of 1231.64 feet; thence South 01°11'07" East, a distance of 487.40 feet to a point on the east line of Lot 1, Block 246, James Kneeland's Subdivision and the point of beginning of the herein described tract of land; thence North 78°00'17" East, a distance of 31.97 feet; thence South 01°11'07" East, a distance of 221.07 feet; thence South 65°46'36" East, a distance of 8.29 feet; thence South 10°27'39" East, a distance of 142.15 feet to a point lying on a curve concave to the northeast, having a radius of 570.96 feet; thence northwesterly along the arc of said curve through a central angle of 16°03'20", having a chord bearing of North 58°36'17" West and a chord length of 159.47 feet, a distance of 160.00 feet to a point of intersection with the east right-of-way line of the entrance ramp of Interstate Highway 43, said point also lying on the north line of Lot 13, Block 246, James Kneeland's Subdivision; thence North 09°37'34" West along said right-of-way line, a distance of 121.08 feet to a point on the north line of Lot 7, Block 246, James Kneeland's Subdivision; thence North 19°27'39" West along said right-of-way line, a distance of 98.03 feet to the point of curvature of a non-tangent curve concave to the southeast having a radius of 51.42 feet and a radial bearing of South 85°15'45" East; thence northeasterly along the arc of said curve through a central angle of 61°01'55", having a chord bearing of North 35°15'13" East and a chord length of 52.22 feet, a distance of 54.77 feet to a point of intersection with the south right-of-way line of West Michigan Street; thence North 77°24'06" East along said right-of-way line, a distance of 91.89 feet to the point of beginning.

Said parcel contains 0.923 acres of land more or less.

Note: Street vacations are in process concurrent with the approval of TID #109. The above boundary description includes portions of right-of-way that will be revert to TID #109 properties as a result of the vacation process.

Exhibit 2

Property Characteristics

Findings substantiating that not less than 50%, by area, of the real property within the proposed district in need of conservation within the meaning of Section 66.1105(4) (gm) 4.a. Wisconsin Statutes.

| Tax Key | Owner Name | Land Assessment | Improvement Assessment | Total Assessment | Lot SF | In Need of Rehabilitation or Conservation Work |
|----------------|----------------------|------------------------|-------------------------------|-------------------------|---------------|---|
| 398-0117-210 | Marquette University | \$0 | \$0 | \$0* | 15,315 | 15,315 |
| 361-0834-113 | Marquette University | \$370,260 | \$0 | \$370,260** | 18,517 | 18,517 |
| | | \$370,260 | \$0 | \$370,260 | 33,832 | 33,832 |
| | | | | | | 100% |

*Parcel is tax exempt

**The boundaries of this parcel were adjusted at year-end 2021 reducing it in size from 197,762 square feet to 18,517 square feet. While the assessor has not yet assigned a valuation to the newly adjusted parcel, based on the existing value per square foot of the parcel prior to adjustment, the anticipated assessed value is estimated \$20.00 per square foot.

Note: Street vacations are in process for the adjacent North 9th Street and West McCauley Place. The vacations will result in a portion of this land area reverting to the existing parcels within the boundaries of TID #109.

Exhibit 3
TERM SHEET
Michigan Street Commons
TID No. 109

Project

The Michigan Street Commons project (the “Project”) involves the construction of a multifamily apartment building at the southwest corner of 9th and Michigan. The building will contain 99 one and two bedroom apartment units. Of the 99 total units in the Project, all will be affordable to families earning under 60% of Area Median Income, including 29 units that will be affordable to families earning under 50% of Area Median Income.

The site is currently owned by Marquette University and is part of a larger, 11 acre development site that being sold to the development team for the project. In the future, planned uses for the larger development site will include a soccer stadium, new hotel, concert venue, and retail and food establishments. Only the housing site is included in, and being assisted through, the proposed tax incremental district.

The project is consistent with the goals of providing a range of housing options and increasing the supply of affordable housing in the downtown neighborhood.

Development Team

The project is being developed by Bear Development (“Developer”). The project will be owned by Michigan Street Apartments, LLC, an entity formed by the Developer for the purposes of owning the project and creating the entity required for the syndication of low income housing tax credits for the project (“Project Owner”).

Since 1986, Bear has been involved in residential, mixed use and commercial development, including the development of over 3,000 housing units. Milwaukee projects include the conversion of the Historic Button Block Building on Water Street into a Homewood Suites and 700 Lofts, the adaptive reuse of a former office building into 49 apartments on 7th and Michigan.

Project Budget:

Total estimated Project costs for the development are \$27.5 million. The financing structure includes low-income housing tax credits, tax-exempt bond financing, seller financing and deferred development fee.

Estimated total project sources include:

| | |
|--------------------------------|---------------------|
| First Mortgage | \$ 8,915,000 |
| Second Mortgage | \$ 2,100,000 |
| Acquisition Note | \$ 1,010,000 |
| Low Income Housing Tax Credits | \$11,076,500 |
| City Tax Incremental District | \$ 1,800,000 |
| Deferred Development Fee | <u>\$ 2,602,300</u> |
| Total | \$27,503,800 |

Development Schedule

Construction of the Project shall commence no later than September of 2022 and the Project shall be substantially completed by March of 2024.

Tax Incremental District

The City intends to create a Tax Incremental District (“TID No. 109”) to assist in funding a portion of the costs of the Project as set forth in the Project Plan.

Funding

The Developer shall advance up to \$1,800,000 (subject to review of the final project budget) of costs related to the Project and shall be repaid for these costs through the Monetary Obligation.

Prior to substantial completion of the Project, City will deposit an amount equal to 100% of the tax incremental revenue actually received by City from TID No. 109, less Annual Expenses into a special fund established for TID No.109. Upon substantial completion of the Project, such amount shall be disbursed to Developer and applied to reduce the principal balance of the Monetary Obligation.

Subsequent to substantial completion of the Project, following the deduction of Annual Expenses, 100% of incremental tax revenue collected from TID No. 109 will be allocated to repay the Developer for costs incurred for the Project through payments on the Monetary Obligation on or before March 1st of each year, provided the Project has paid its property tax bill in full prior to January 31st.

All City payment of tax incremental revenue received by City from TID No. 109 shall be subject to annual appropriation. If not appropriated, City shall not expend such tax increments for any other TID No. project costs.

Monetary Obligation

The Monetary Obligation consists of a limited and conditional obligation to repay

Developer an amount up to \$1,800,000 plus interest on the outstanding balance of the Monetary Obligation at 5.25% per year. (The interest rate on the Monetary Obligation reflects the preliminary interest rate on the Developer's underlying financing and is subject to change, based on the final closing date for the project. In no event, shall the interest rate on the Monetary Obligation exceed 5.75%. If the final interest rate exceeds 5.25%, the stated amount of Monetary Obligation will decrease accordingly.) Payments on the Monetary Obligation are to be made annually following substantial completion of the Project and in an amount equal to 100% of tax incremental revenue actually received by the City from TID No. 109 less Annual Expenses.

The City may, at any time or from time to time, without notice, penalty, or fee, prepay all or any portion of the Monetary Obligation. In the event that City prepays a portion of the Monetary Obligation 100% of tax incremental revenue allocated to payment of the Monetary Obligation shall be proportionately reduced to reflect such prepayment. Tax incremental revenue will not be pledged to the payment of the Monetary Obligation and the Monetary Obligation shall not constitute a general obligation of City or count against its statutory debt limits.

The Developer shall have the right to assign all or a portion of the Monetary Obligation to sources of financing or refinancing on terms and conditions mutually agreeable between Developer and the proposed assignee(s). The City shall have a reasonable opportunity to review the applicable assignment documentation and approve any documentation to which it is a signatory.

Monetary Obligation Earned

Upon substantial completion of the Project Developer shall submit a certification detailing Project costs theretofore incurred (together with copies of records, invoices, accountant's final cost certification and/or AIA documentation, in a form reasonably acceptable to the Commissioner) evidencing such expenditures. The amount of the Monetary Obligation shall be deemed earned upon approval of such certification by the Commissioner.

Design/Consistency with Approved Plans

Plans and specifications for the Project shall be subject to the review and approval of the City's Commissioner of City Development ("Commissioner").

Cost Savings

If at completion, total Project costs submitted are less than the \$27.5 million estimated in the Project Budget or the amount of total costs reflected in the final budget submitted prior to closing, the principal amount of the Monetary Obligation will be reduced by 50% of the cost savings.

Terms of Payments

City payments on the Monetary Obligation will terminate: (i) at the time the Monetary

Obligation is fully paid; or (ii) with the payment derived from the 2040 tax levy, payable in 2041, whichever occurs first.

Material Disturbance

If the Project is not substantially completed by March 31 of 2024 (unless caused in substantial part by an event of *Force Majeure*) (a “Material Disturbance”), then City shall have the right (but not the obligation) to terminate further payments on the Monetary Obligation, using the following procedure:

(1) City shall give Developer notice of its intention to terminate further payments on the Monetary Obligation, and Developer shall have [180] days to eliminate the Material Disturbance, and

(2) Thereafter, if Developer has not timely eliminated the Material Disturbance and if City still intends to terminate payments on the Monetary Obligation, City’s Common Council shall adopt a resolution determining that the Material Disturbance prevents the substantial realization of the public benefits contemplated as a result of the Project and constitutes just cause for the termination of the Monetary Obligation. City shall thereafter file a certificate with Developer (attaching the resolution of the Common Council) stating that City has elected to terminate payments on the Monetary Obligation. Upon City such filing of the certificate, the Monetary Obligation shall terminate.

Developer Responsibilities:

The Developer shall have the following responsibilities:

- Design and develop the Project consistent with the approved plans.
- Submit final development budget for the Project, financing commitments, final bids, a construction contract and proof that all funding sources have been committed (prior to closing).
- Guaranty completion of construction of the Project.
- Commence construction of the Project by September 30, 2022 with an estimated completion date of March 31, 2024.

Human Resources:

Developer and City will enter into a Human Resources Agreement in a form customary for projects subject to Ch. 355 of the Milwaukee Code of Ordinances. The Human Resources Agreement will provide for utilization of certified Small Business Enterprises for 25% of Project construction costs, 25% for purchase of goods and services, and 18% of amounts expended for the purchase of professional services deemed eligible pursuant to SBE Guidelines, utilization of unemployed and underemployed residents for no less

than 40% of the total “worker hours” expended on “construction” of the Project, compliance with applicable state and municipal labor standards, utilization of apprentices and/or on-the-job trainees and participation in City’s First-Source Employment Program.

No Tax Exemption

No portion of the Project shall at any time after closing be exempt from real estate taxes. (One of the parcels within the boundaries of TID is currently tax exempt. The exemption will be removed after closing.)

Development Agreement:

Developer and City shall enter into a development agreement (“Development Agreement”) containing terms consistent with this Term Sheet and customary for such development agreements.

Limits on Project Owner Action

Until all obligations under the Development Agreement have been fully discharged, Developer may not, without City consent:

- Liquidate or consolidate the Project sites;
- Merge with another entity;
- Sell, lease or transfer the Project sites other than residential and commercial leases in the ordinary course of business;
- Enter into any transaction that would materially adversely affect the ability of Project Owner to complete the Project or fulfill its obligations under the Development Agreement;
- Assume or guarantee the obligations of any other person or entity that would materially adversely affect the ability of Project Owner to complete the Project or fulfill its obligations under the Development Agreement; or
- Enter in a transaction that would cause a material and detrimental change to the Project Owner’s financial condition.

General:

This term sheet does not constitute an agreement between the Developer and the City. The terms set forth and any other requirements necessary for a transaction of this sort shall be incorporated into a Development Agreement to be entered into between the Developer and the City. In recognition that there may be adjustments of the dates and descriptions herein as well as administrative approvals which will require the exercise of reasonable discretion on behalf of the City, the Commissioner of the Department of City Development will be authorized under these agreements to exercise such discretion and grant such approvals.

Note:

Attachment 1 provides additional definitions to words and terms used in this Term Sheet in addition to the words and terms elsewhere defined.

Attachment 1

DEFINITIONS

“Annual Expenses” means an amount not to exceed \$7,500 per year used to pay the customary and reasonable costs incurred by City for audit and accounting functions and other ongoing administrative expenses for TID No. 109.

“Force Majeure” means circumstances under which any party is delayed or prevented from the performance of any act required by an agreement by reason of fire, earthquake, war, flood, riot, strikes, labor disputes, judicial orders, public emergency or regulations, or other causes beyond the reasonable control of the party obligated to perform, then performance of such act shall be excused for the period of such delay, and the time for the performance of any such act shall be extended for a period commensurate with the nature of such delay.

“Human Resources Agreement” means an agreement in a form customary for developer-funded tax incremental districts.

“Monetary Obligation” means a limited and conditional obligation to repay Developer an amount up to \$1,800,000, plus interest on the outstanding balance at 5.25% per year. . (The interest rate on the Monetary Obligation reflects the preliminary interest rate on the Developer’s underlying financing and is subject to change, based on the final closing date for the project. In no event, shall the interest rate on the Monetary Obligation exceed 5.75%. If the final interest rate exceeds 5.25%, the stated amount of Monetary Obligation will decrease accordingly.)

“Substantial Completion” means the Project Owner’s receipt from City of a final Occupancy Certificate for the Project.

Exhibit 4

Tax Incremental District #109 Michigan Street Commons Economic Feasibility Study June 1, 2022

Overview

The Michigan Street Commons project (the “Project”) involves the construction of a multifamily apartment building at the southwest corner of 9th and Michigan. The building will contain 99 one and two bedroom apartment units. Of the 99 total units in the Project, all will be affordable to families earning under 60% of Area Median Income, including 29 units that will be affordable to families earning under 50% of Area Median Income.

Bear Development (the “Developer”) will be undertaking the Project.

Total costs for the Project are estimated at \$27.5 million. The City of Milwaukee is proposing to offset up to \$1,800,000 of these costs through the creation of Tax Incremental District #109 (“District”). Through a Development and Contribution Agreement, funds will be advanced by the Developer under a “pay as you go” approach and repaid by the City, but only from future tax incremental revenue generated by the Project.

Financing Structure

In addition to the proposed TID contribution of \$1,800,000, the financing structure for the project involves a combination of low income housing tax credits, tax-exempt bond financing, a seller note and deferred development fee:

| | |
|--------------------------------|---------------------|
| First Mortgage | \$ 8,915,000 |
| Second Mortgage | \$ 2,100,000 |
| Acquisition Note | \$ 1,010,000 |
| Low Income Housing Tax Credits | \$11,076,500 |
| City Tax Incremental District | \$ 1,800,000 |
| Deferred Development Fee | <u>\$ 2,602,300</u> |
| Total | \$27,503,800 |

Current Property Value

There are two properties in the proposed District located at 533 North 9th Street and 547 North 9th Street. 533 North 9th Street is tax exempt. In regard to 547 North 9th Street, the boundaries of this parcel were adjusted at year-end 2021 reducing it in size from 197,762 square feet to 18,517 square feet. While the assessor has not yet assigned a valuation to the newly adjusted parcel, based on the existing value per square foot of the parcel prior to adjustment, the anticipated assessed value of the parcel is \$370,260. Therefore, the current base value of the District is \$370,260.

Projected Completed Value

The projected value of the Project upon completion is \$6,652,000 and was derived based on the projected Net Operating Income for the Project and applying a formula utilized by the City Assessor's office for valuing low income housing tax credit projects. Construction completion is anticipated by March of 2024.

Other Assumptions

- Tax Rate: 2.783% - based on the 2021 tax rate and constant over the next 19 years
- Interest Rate on Payments to Developer: 5.25%
- Maximum Term of Payments: 19 years
- Annual Appreciation: 1%

District Cash Flow and Amortization of the Monetary Obligation

In a "pay-as-you-go" District, the Developer is accepting the risk that the District will generate sufficient incremental value to recapture the \$1,800,000 of costs, plus 5.25% interest, through future incremental revenue.

As shown in the projections in Table 1, forecasted tax incremental revenues are sufficient for the Developer to recover the proposed TID amount of \$1,800,000 plus interest in 19 years – tax levy year 2040 (budget year 2041).

Table I
Tax Incremental District #109 - Michigan Street Lofts

| Year No. | Levy Year | Budget Year | Base Value | Assessed Value | Incremental Value | Increment | Net Increment (Less 7,500 Annual Admin. Fee) | |
|-------------|-----------|-------------|------------|----------------|-------------------|-----------|--|-----------|
| | | | | | | | | |
| 1 | 2022 | 2023 | \$370,260 | \$370,260 | \$0 | \$0 | \$0 | \$0 |
| 2 | 2023 | 2024 | \$370,260 | \$370,260 | \$0 | \$0 | \$0 | \$0 |
| 3 | 2024 | 2025 | \$370,260 | \$6,652,000 | \$6,281,740 | \$174,821 | \$167,321 | \$167,321 |
| 4 | 2025 | 2026 | \$370,260 | \$6,718,520 | \$6,348,260 | \$176,672 | \$169,172 | \$169,172 |
| 5 | 2026 | 2027 | \$370,260 | \$6,785,705 | \$6,415,445 | \$178,542 | \$171,042 | \$171,042 |
| 6 | 2027 | 2028 | \$370,260 | \$6,853,562 | \$6,483,302 | \$180,430 | \$172,930 | \$172,930 |
| 7 | 2028 | 2029 | \$370,260 | \$6,922,098 | \$6,551,838 | \$182,338 | \$174,838 | \$174,838 |
| 8 | 2029 | 2030 | \$370,260 | \$6,991,319 | \$6,621,059 | \$184,264 | \$176,764 | \$176,764 |
| 9 | 2030 | 2031 | \$370,260 | \$7,061,232 | \$6,690,972 | \$186,210 | \$178,710 | \$178,710 |
| 10 | 2031 | 2032 | \$370,260 | \$7,131,844 | \$6,761,584 | \$188,175 | \$180,675 | \$180,675 |
| 11 | 2032 | 2033 | \$370,260 | \$7,203,163 | \$6,832,903 | \$190,160 | \$182,660 | \$182,660 |
| 12 | 2033 | 2034 | \$370,260 | \$7,275,194 | \$6,904,934 | \$192,164 | \$184,664 | \$184,664 |
| 13 | 2034 | 2035 | \$370,260 | \$7,347,946 | \$6,977,686 | \$194,189 | \$186,689 | \$186,689 |
| 14 | 2035 | 2036 | \$370,260 | \$7,421,426 | \$7,051,166 | \$196,234 | \$188,734 | \$188,734 |
| 15 | 2036 | 2037 | \$370,260 | \$7,495,640 | \$7,125,380 | \$198,299 | \$190,799 | \$190,799 |
| 16 | 2037 | 2038 | \$370,260 | \$7,570,597 | \$7,200,337 | \$200,385 | \$192,885 | \$192,885 |
| 17 | 2038 | 2039 | \$370,260 | \$7,646,302 | \$7,276,042 | \$202,492 | \$194,992 | \$194,992 |
| 18 | 2039 | 2040 | \$370,260 | \$7,722,765 | \$7,352,505 | \$204,620 | \$197,120 | \$197,120 |
| 19 | 2040 | 2041 | \$370,260 | \$7,799,993 | \$7,429,733 | \$206,769 | \$199,269 | \$199,269 |
| 20 | 2041 | 2042 | \$370,260 | \$7,877,993 | \$7,507,733 | \$208,940 | \$201,440 | \$201,440 |

TID Retired

Inflation: 1%
Tax Rate: 2.783%
NPV rate: 5.25%

Estimated Value Upon Completion \$6,652,000
Net Present Value of Increment Year 19: \$1,803,024

Exhibit 5

Property Owners

| Property Address | Tax Key | Owner Name |
|-------------------------|----------------|----------------------|
| 533 North 9th | 398-0117-210 | Marquette University |
| 547 North 9th | 361-0834-113 | Marquette University |

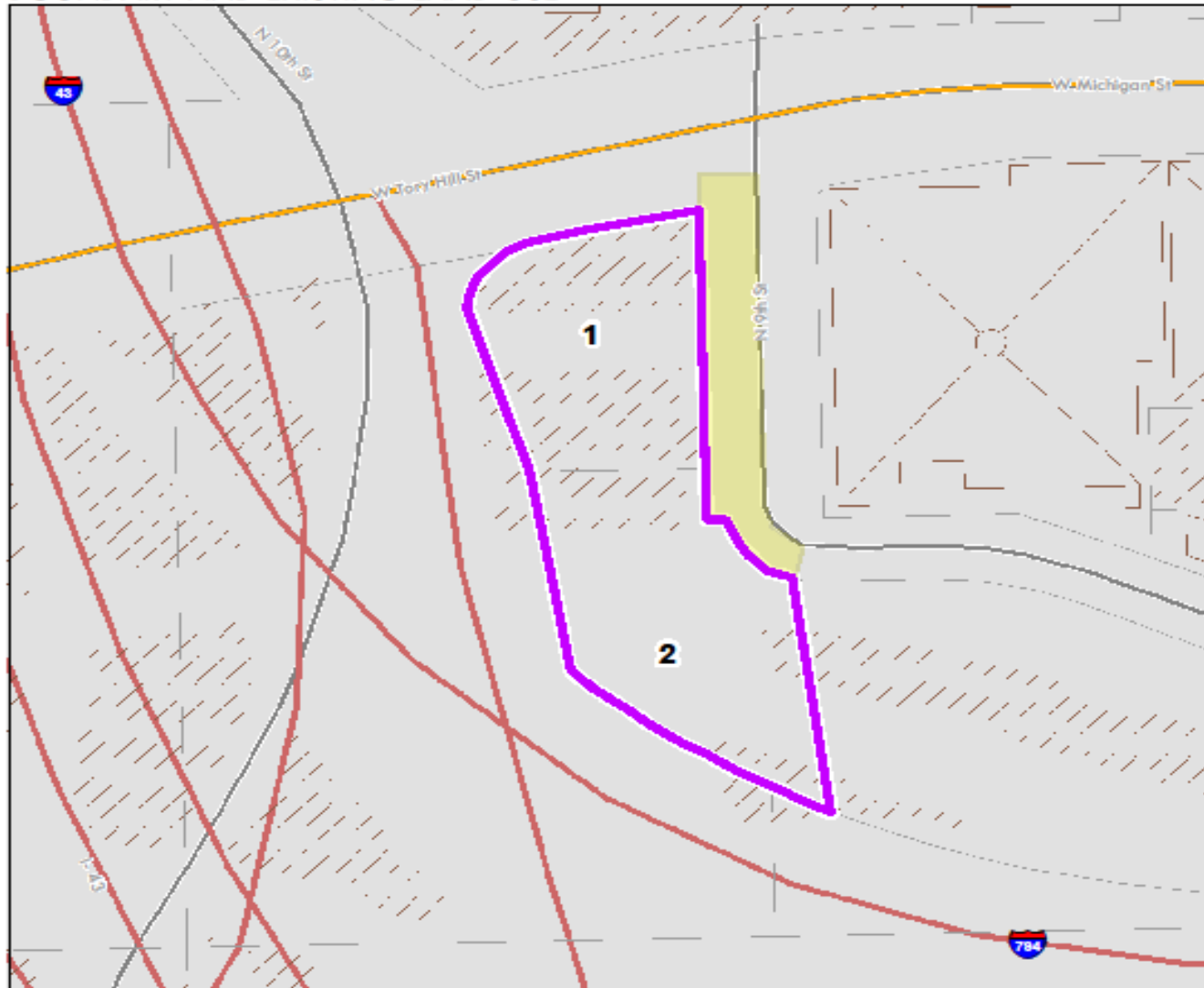
Exhibit 6

**City Attorney's Letter
In Preparation**

TID NO. 109: MICHIGAN STREET COMMONS, MAP 1

BOUNDARY AND EXISTING LAND USE

Prepared by the Department of City Development Planning Division, 6/4/2022
 Source: DCD Planning Division, Information Technology Management Division



PROPERTY LIST

| No. | Taxkey | Address |
|-----|---------------|------------------|
| 1 | #398-0117-210 | 533 N 9th Street |
| 2 | #361-0834-113 | 547 N 9th Street |

MAP LEGEND

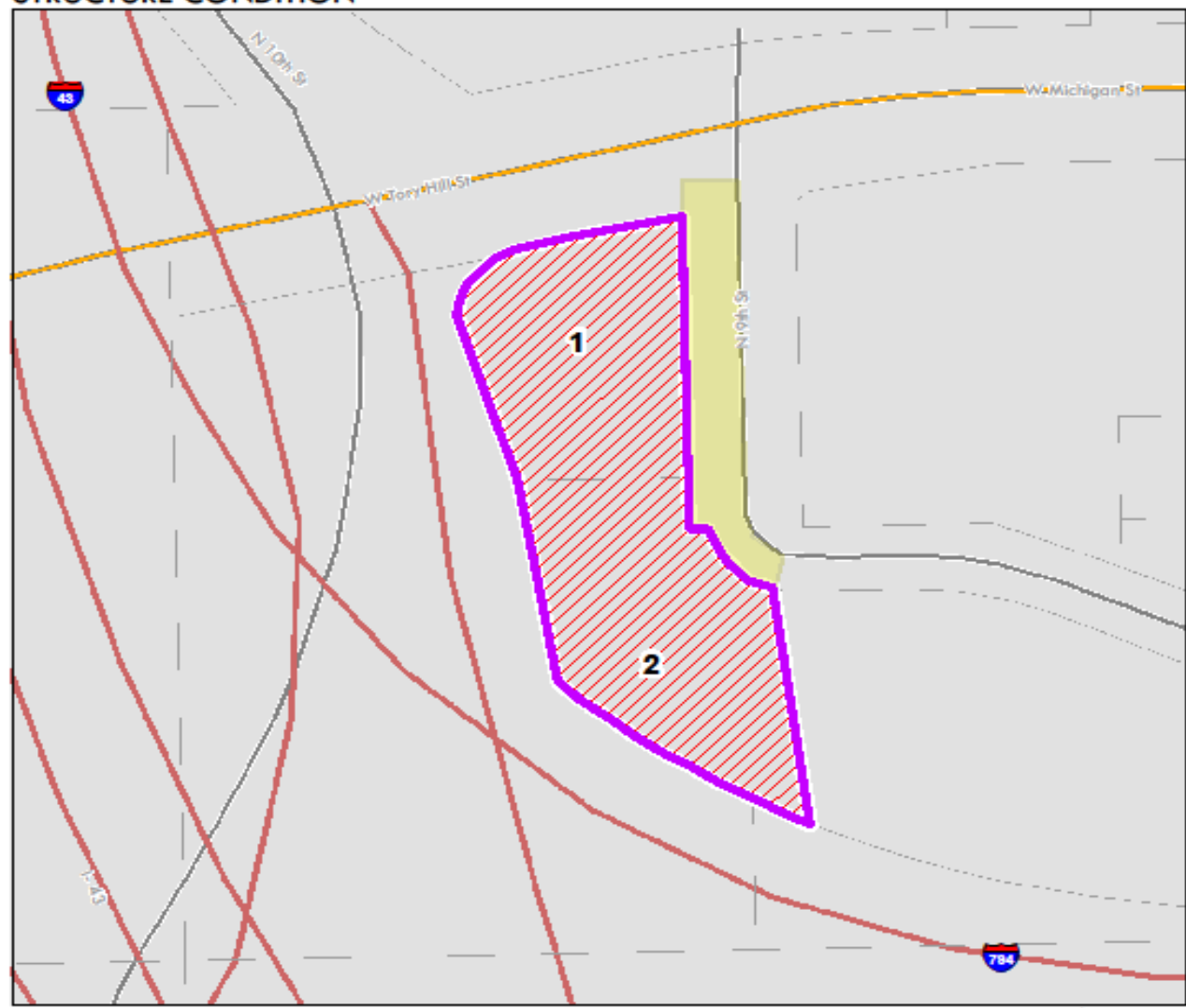
- TID Boundary
- Proposed Street Vacation
- Parcels

Current Land Use

- SINGLE FAMILY RESIDENTIAL
- TWO FAMILY RESIDENTIAL
- MULTI-FAMILY RESIDENTIAL
- CHURCH/CON
- OFFICE
- MEDICAL OFFICE
- RETAIL / REST.
- CHURCH OR OTHER RELIGIOUS
- CHURCH (P)
- OTHER COMMERCIAL
- OFFICE OR PROFESSIONAL OFFICE
- MANUFACTURING AND WAREHOUSE
- UTILITY GARAGE
- STORAGE YARD
- RECREATION BUILDING
- HOSPITAL
- SCHOOL GYM FACILITY / OTHER BLDG
- PLACE OF WORSHIP
- PUB - PUBLIC BUILDING
- HOSPITAL OR CLINIC - PUBLIC BUILDING
- POLICE STATION
- FIRE STATION
- PUBLIC SCHOOL
- PLAYGROUND
- PARK
- MARKET
- PARKING
- INDUSTRIAL YARD
- FENCE WALL
- FENCE
- ELECTRICAL LINE TRANSMISSION TOWER
- ELECTRICAL LINE
- WATER DISTRIBUTION

TID NO. 109: MICHIGAN STREET COMMONS, MAP 2 STRUCTURE CONDITION





Prepared by the Department of City Development Planning Division, 6/4/2022
Source: DCD Planning Division; Information Technology Management Division



PROPERTY LIST

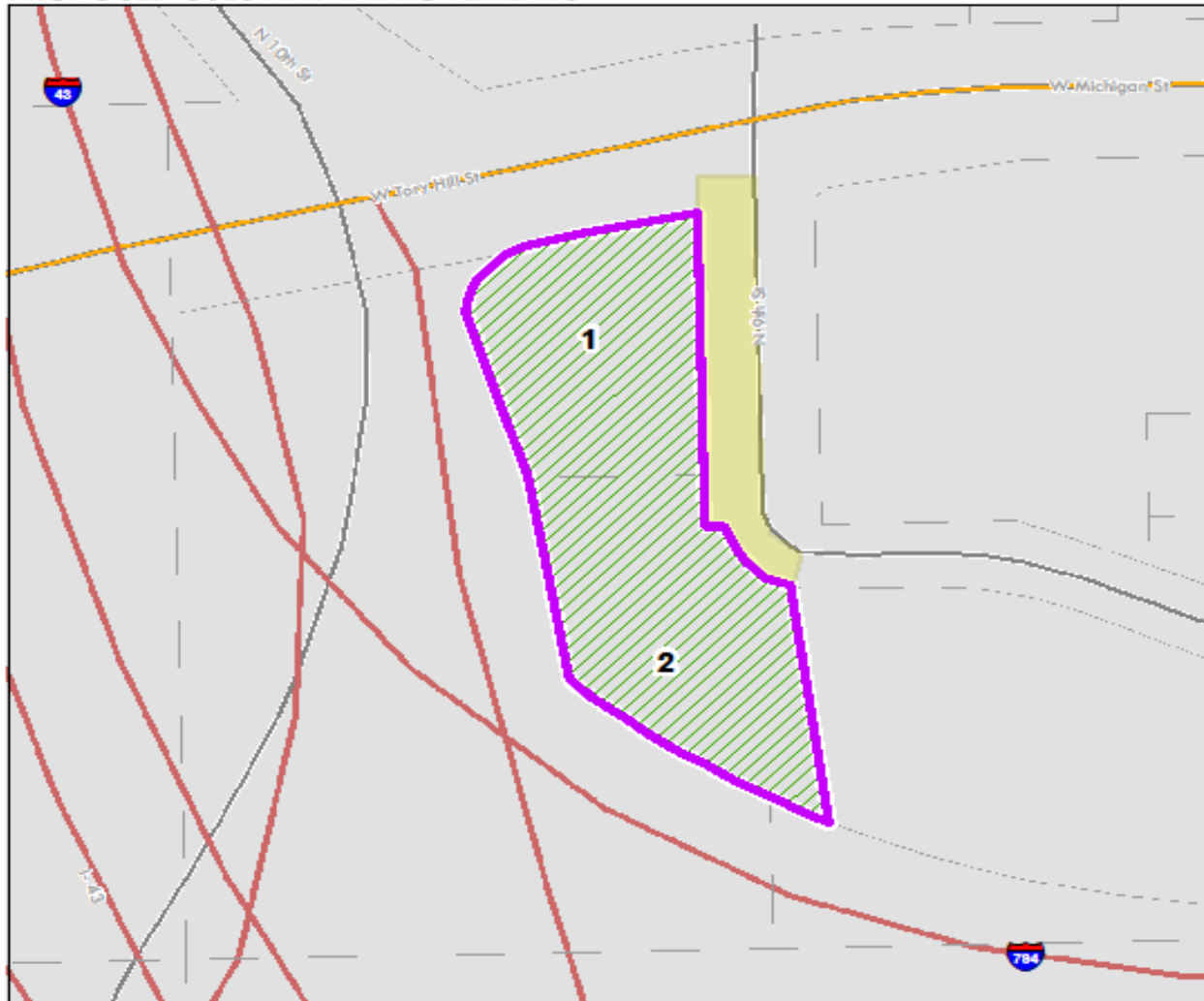
| No. | Taxkey | Address |
|-----|---------------|------------------|
| 1 | #398-0117-210 | 533 N 9th Street |
| 2 | #361-0834-113 | 547 N 9th Street |

MAP LEGEND

-  In Need of Conservation or Rehabilitation
-  Proposed Street Vacation
-  TID Boundary
-  Parcels

TID NO. 109: MICHIGAN STREET COMMONS, MAP 3
PROPOSED USES AND IMPROVEMENTS





Prepared by the Department of City Development Planning Division, 6/4/2022
 Source: DCD Planning Division, Information Technology Management Division



PROPERTY LIST

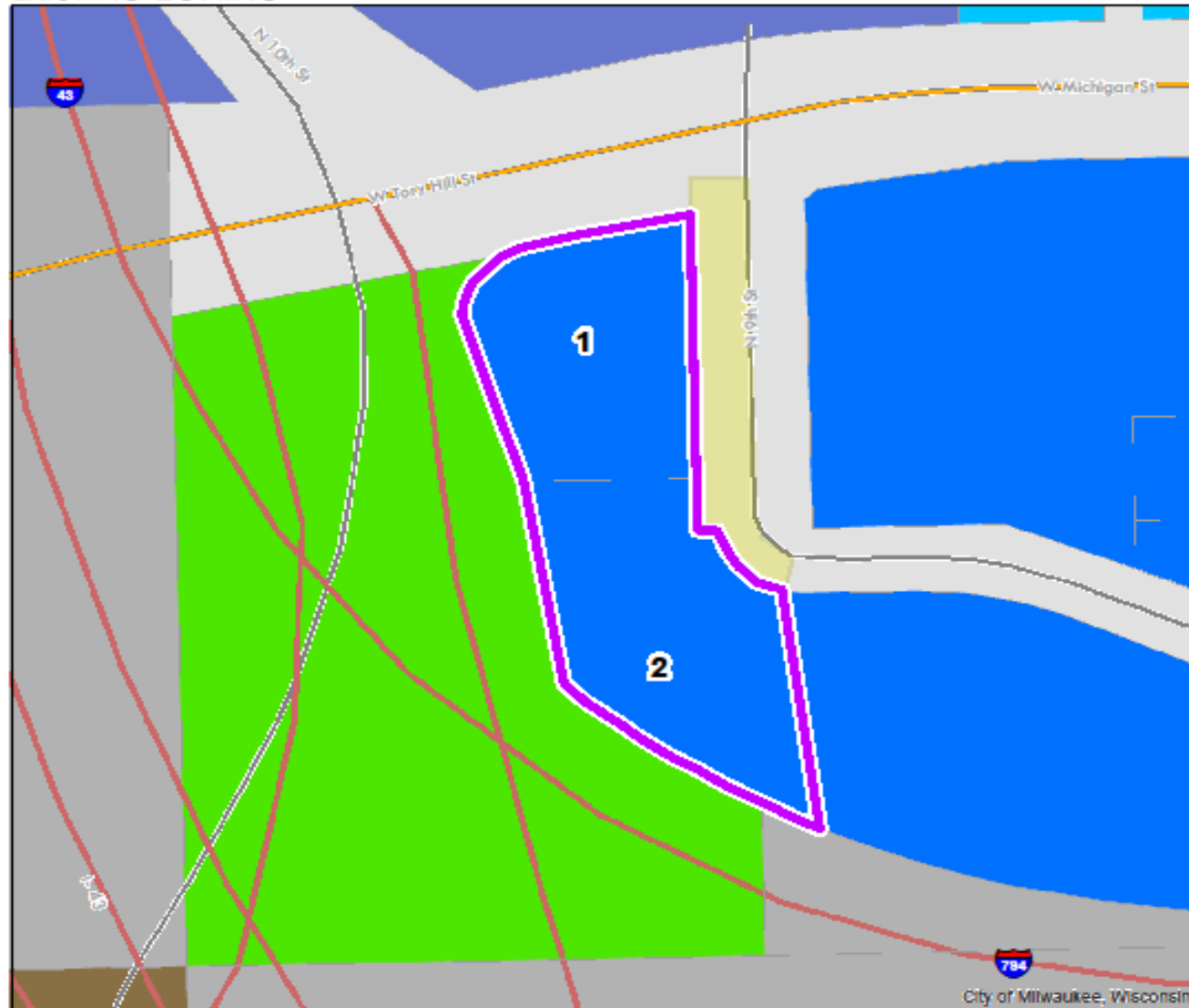
| No. | Taxkey | Address |
|-----|---------------|------------------|
| 1 | #398-0117-210 | 533 N 9th Street |
| 2 | #361-0834-113 | 547 N 9th Street |

MAP LEGEND

-  New Building to be Constructed
-  Proposed Street Vacation
-  TID Boundary
-  Parcels

TID NO. 109: MICHIGAN STREET COMMONS, MAP 4 EXISTING ZONING

Prepared by the Department of City Development Planning Division, 6/4/2022
Source: DCD Planning Division, Information Technology Management Division



PROPERTY

| No. | Taxkey | Address |
|-----|---------------|------------------|
| 1 | #398-0117-210 | 533 N 9th Street |
| 2 | #361-0834-113 | 547 N 9th Street |

MAP LEGEND

Zoning with downtown subdistricts

- Downtown Civic Activity (C9A)
- Downtown Mixed Activity (C9G)
- Industrial Commercial (IC)
- Industrial Light (IL2)
- Special Parks (PK)
- Special Institutional (TL)
- Proposed Street Vacation
- TID Boundary
- Parcels