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**Office of the Comptroller**

May 27, 2015

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

RE: File 150180, TID 78 – Northwestern Mutual  
Life Insurance Company

**Committee Members:**

File 150180 would approve Amendment #1 to the Project Plan of TID 78 - Northwestern Mutual Life Insurance Company (NML). This project plan amendment expands the district boundary and provides a grant to a potential developer of a land parcel within a half-mile of the boundary. We have reviewed the project plan amendment and term sheet. We are basing our analysis on this information, as well as discussions with Department of City Development staff.

Tax Incremental District 78 was created in 2013 to compensate NML for the additional costs of constructing a downtown high-rise instead of a low-rise building outside of the city and to provide funding for infrastructure improvements associated with the Lakefront Gateway project. This amendment does not change the total project costs of \$73.3 million, as outlined in the original project plan.

Boundary Expansion

The original district boundary encompassed two tax-keys totaling 4.44 acres. Since the creation of the district, a certified survey map created a new larger parcel, extending the northwest corner of the site to Van Buren St. and combining the two previous tax-keys into one. The proposed amendment expands the district boundary to coincide with the survey map, comprising an area of 5.3 acres.

Cash Grant

The original project plan did not provide for the funding of grants. The proposed amendment seeks to move \$250,000 from the administration category to a newly-created cash grant category. The administration category would decrease from the original project plan amount of \$600,000 to \$350,000. The grant funds will be paid to Johnson Controls, Inc., on a reimbursement basis, to fund one-half of the estimated costs for site investigation and due diligence activities on a 2.5 acre, state-owned parcel to be created on the site of the former Lincoln Memorial Drive on and off-ramps (Clybourn Site).

Johnson Controls is exploring whether the Clybourn Site is suitable for construction of a new building. In return for the cash grant, Johnson Controls will provide the city with the reports, studies and other documentation resulting from the site investigation activities. Since the Clybourn Site is within a half-mile of the NML district, the cash grant is an eligible expenditure under Wisconsin Statutes.



### **Is This Project Likely to Be Successful?**

Since total authorized expenditures for this district will remain at \$73.3 million, the proposed amendment does not impact either the original feasibility study or the district's forecasted break-even date.

### **Is the Proposed Level of City Financial Participation Required to Implement the Project?**

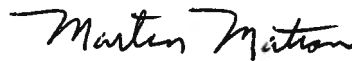
The suitability of the Clybourn Site for construction will have to be investigated eventually. Even if Johnson Controls decides not to pursue the Clybourn Site, the city will receive the reports, studies and other documentation resulting from the site investigation. The city could then use these materials to market the site to other potential developers.

### **Conclusion**

Approving this project plan amendment should not adversely impact the financial viability of TID 78. We recommend approval of file number 150180.

Should you have any questions regarding this letter, please contact Rocky Wruck at 2304.

Sincerely,



Martin Matson  
Comptroller

MM/RJW

Cc: Rocky Marcoux, Dan Casanova, Lori Lutzka