

**PROJECT PLAN FOR
TAX INCREMENTAL FINANCING DISTRICT NO. 98
(The Ikon)**

CITY OF MILWAUKEE

Public Hearing Held: April 11, 2019

Redevelopment Authority Adopted:

Common Council Adopted:

Joint Review Board Adopted:

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I. DESCRIPTION OF THE 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.

Section 66.1105 (2)(f) 1.n., permits that Project Plan to fund projects located outside, but within one half-mile of the district’s boundary.

B. District Boundaries and Compliance with Statutory Eligibility Criteria

The Ikon (“District” or “TID”) is comprised of ten properties totaling 325,195 SF, approximately 7.46 acres (collectively, the “Property”). The District is shown in **Map No. 1, “Boundary and Existing Land Use,”** and described more precisely in **Exhibit 1, “Boundary Description.”** 82.81% of the 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. 12.43% of the real property located within the District is considered vacant property 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. Per Wisconsin Statute 66.1105 (5)(b) the percentage of territory within the District that will be devoted to retail business at the end of the maximum expenditure period is estimated by the City to be 6.92%.

C. Project Background

Proposed Project

The Ikon project is a mixed-use development proposed on property bounded by West North Avenue, North 24th Street, West Oak Street and West Fond du Lave Avenue (the “Project Site”). The majority of the Project Site, 2100 West North Avenue, is owned by HG Sears, LLC (the “Developer”). The Project Site also includes three parcels owned by the City of Milwaukee (the “City”) and a few other privately-owned parcels.

The initial project would redevelop the former Sears and Milwaukee Mall building at the corner of West North Avenue and West Fond du Lac Avenue (the “Hotel Property”) into a 80-room boutique hotel, restaurant, retail/commercial space, parking and an adjacent 24,600 SF conference center (the “Hotel Project”), with a total investment of apr. \$30m. Later phases of development on the remaining portions of the Project Site could include housing, office, a fitness center, retail and parking.

The City is proposing up to a \$4,000,000 loan to the Developer from this District for costs associated with the Hotel Project, per the attached Term Sheet, **Exhibit 6, “The Ikon Loan Term Sheet.”**

History of the Project Site

The Hotel Property is the historic and iconic former Sears Department Store at 2100 West North Avenue. The over 200,000 SF, three-story building, was built in 1927 with further additions in 1940 and 1947. Sears ceased operations at the Project Site in 1981. In 1987, the building was remodeled into what was called the Milwaukee Mall, which was comprised of dozens of smaller vendors. Versions of the Milwaukee Mall operated at the site until 2018, when it was purchased by the Developer, who began to prepare the building for redevelopment.

Plans for the Project Site and Neighborhood

In 2004, the City adopted the Fond du Lac and North Area Plan, which identified the intersection of West North Avenue and West Fond du Lac Avenue as a catalytic project for the neighborhood. The plan stated, “The intersection of North and Fond du Lac Avenues is a key node of identity for the neighborhood. A new signature building combined with substantial redevelopment of the surrounding property, will reinforce the commercial potential of this node and will serve as the landmark for the community.” In addition, it stated, “The intersection of Fond du Lac and North is the ‘heart of the neighborhood’ and will be the core of businesses and services in the community.”

Specifically, about the Project Site, the plan stated, “The intersection of Fond du Lac and North Avenues should include a remodeled Sears building as a landmark for the neighborhood.” Further, to “Develop the Sears building as the heart of the neighborhood with commercial as the primary use of the building...The creation of a signature building, and redevelopment of surrounding property at the intersection, will create a more positive identity for the neighborhood; a commercial anchor will encourage additional investment in the area.”

In 2015, the City, neighborhood stakeholders and UWM’s Community Design Solutions conducted a design charrette for the Lindsay Heights neighborhood. That charrette also identified the Project Site as a catalytic project for the neighborhood, stating, “The former Sears block holds a signature building of the neighborhood and should be used to reinforce the potential of the commercial node. Redevelopment on the site would anchor and encourage additional investment in the area, as well as increasing the value of surrounding properties...There are multiple options for redevelopment, including renovating the existing building and augmenting the site with additional structures or removing the iconic building and implementing a completely new commercial zone integrated with green spaces.”

D. Project Plan Goals and Objectives

More detailed goals and objectives of this Project Plan are to:

- Eliminate a blighting influence on at the intersection of West North Avenue and West Fond du Lac Avenue.
- Increase the tax base of the City by redeveloping a property in need of rehabilitation or conservation.
- Restore an historic and iconic building in the City.
- Implement a catalytic project, as set forth in the Fond du Lac and North Area Plan, which called for the redevelopment of the Project Site.

E. Existing Land Uses and Conditions in the District

The District is currently comprised of ten properties assessed at \$1,477,600 in 2018. All of the Property in the District is zoned LB2 (Local Business).

II. PLAN PROPOSALS

The following statements, maps and exhibits are provided in compliance with Section 66.1105(4)(f) of the Wisconsin Statutes.

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

Funds generated from the District will be used for the following purposes:

Loan (\$4,000,000): Provide up to a \$4,000,000 loan to Developer for costs associated with the Hotel Project (the "Loan"), per the attached Term Sheet, **Exhibit 6, "The Ikon Loan Term Sheet."**

B. "Detailed List of Estimated Project Costs."

The costs included in this subsection and detailed in Table B which follows are, without limitation because of enumeration, eligible project costs as defined under Section 66.1105(2)(f) and, if appropriate, in any cooperation agreement(s) entered into by and between the City of Milwaukee and eligible designated developer(s), provided further that such expenditures are necessitated by this Project Plan.

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

Capital Costs

The City shall fund an estimated \$4,000,000 in the form of TID Capital Project Costs enumerated in further detail in **Table A** of this Plan.

TABLE A: TID Capital Project Costs	
Loan to Developer	\$4,000,000
TOTAL Capital Project Costs	\$4,000,000

Other Costs

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

Financing Costs

Financing costs include estimated gross interest expenses on bonds that will be issued to pay for Project Costs. Estimates of interest are based on interest rates as set forth in the Economic Feasibility Analysis, attached as **Exhibit 4, "Feasibility Study."**

TABLE B: Lists of Estimated Project Costs

<u>Capital:</u> Loan to Developer	\$4,000,000
<u>Other:</u> Administration (\$7,500 x 2 years)	\$15,000
Total Estimated Project Costs, excluding financing	\$4,015,000
<u>Financing:</u> Interest	\$2,160,000

C. “Description of Timing and Methods of Financing.”

All expenditures for the City Project Costs are expected to be incurred during the period from 2019-2023.

The City may proceed to fund any or all Project Costs using general obligation bonds or notes, or Redevelopment Authority revenue bonds to be issued in amounts which can be supported using tax increments in the District.

D. “Economic Feasibility Study.”

The Economic Feasibility Study for this District is attached to this Project Plan as **Exhibit 4, “Feasibility Study.”** The study establishes the dollar value of the 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 District, including payments by the Developer on the Loan.

Based upon the anticipated tax incremental revenue to be generated by the District, the District is financially feasible and is likely to be retired on or before year 2037, the 18th year of the District. Accordingly, the District is determined to be feasible.

E. “Map Showing Existing Uses and Conditions.”

Please refer to **Map No. 1, “Boundary and Existing Land Use,”** and **Map No. 2, “Structure Condition”** and **Exhibit 3, “Parcel Owners”** in the Exhibits Section which follows.

F. “Map Showing Proposed Uses and Improvements.”

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

G. “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 Plan is consistent with the existing zoning, which is LB2 (Local Business). The proposed Project Plan is in accordance with the existing master plan, map, building codes, and other city ordinances. The proposed Project Plan should not require amendments to their provisions, but such amendments could be made if necessary without further amendment to this Project Plan.

H. “List of Estimated Non-Project Costs.”

There are no Non-Project Costs.

I. “Proposed Method for Relocation.”

This 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. Should the acquisition of property by condemnation and requiring relocation be necessary, the cost and method of relocation will be included in a redevelopment plan and associated relocation plan prepared in cooperation with the Redevelopment Authority, pursuant to Section 66.1333 and Section 32.05 of the Wisconsin Statutes. 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.

J. “Statement Indicating How District Creation Promotes Orderly City Development.”

The creation of the District will provide a means to continue the revitalization of the Lindsay Heights neighborhood, and more specifically, the West North Avenue and West Fond du Lac Avenue intersection, consistent with the objectives of the Fond du Lac and North Area Plan, adopted in 2004. Further, it will facilitate the development of an historic and iconic property in need of rehabilitation or conservation.

K. “Opinion of the City Attorney.”

Please refer to **Exhibit 5, “Letter from the City Attorney.”**

EXHIBIT 1
Boundary Description

Beginning at a point at the intersection of the center line of West Fond du Lac Avenue and the center line of West North Avenue;

Thence, west along center line of West North Avenue to its intersection with the center line of North 24th Street;

Thence, north along the center line of North 24th Street to its intersection with the center line of West Oak Street;

Thence, northeast along the center line of West Oak Street to its intersection with the center line of West Fond du Lac Avenue;

Thence, southeast along the center line of West Fond du Lac Avenue to the point of beginning and more particularly depicted in Map 1 of this Project Plan.

EXHIBIT 2
Property Characteristics

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

Parcel No.	Address	Taxkey	Owner Name	Land Assessment	Improvement Assessment	Total Assessment	Lot SF	In Need of Rehabilitation or Conservation SF	Vacant SF	Retail SF
1	2100 W NORTH AV	325-0005-110	HG SEARS LLC	\$68,000	\$1,273,000	\$1,341,000	269,288	269,288	0	15,000
2	2202-18 W NORTH AV	325-0007-000	CITY OF MILWAUKEE	\$0	\$0	\$0	12,121	0	12,121	0
3	2228 W NORTH AV	325-0008-100	CITY OF MILWAUKEE	\$0	\$0	\$0	13,467	0	13,467	0
4	2228 W NORTH AV	325-8100-000	CLEAR CHANNEL OUTDOOR, INC	\$0	\$0	\$0	0	0	0	0
5	2228 W NORTH AV	325-8101-000	CLEAR CHANNEL OUTDOOR, INC	\$0	\$0	\$0	0	0	0	0
6	2229 W FOND DU LAC AV	325-8105-000	CLEAR CHANNEL OUTDOOR, INC	\$0	\$0	\$0	0	0	0	0
7	2229-31 W FOND DU LAC AV	325-0004-000	JAMES CANADY	\$5,600	\$125,400	\$131,000	7,500	0	0	7,500
8	2239 W FOND DU LAC AV	325-0003-000	CITY OF MILWAUKEE	\$0	\$0	\$0	7,335	0	7,335	0
9	2245 W FOND DU LAC AV	325-0002-000	FRIENDSHIP INC	\$0	\$0	\$0	7,984	0	0	0
10	2249-53 W FOND DU LAC AV	325-0001-000	FRIENDSHIP INC	\$5,600	\$0	\$5,600	7,500	0	7,500	0
TOTAL:				\$79,200	\$1,398,400	\$1,477,600	325,195	269,288	40,423	22,500
PERCENTAGE:							100.00%	82.81%	12.43%	6.92%

EXHIBIT 3
Parcel Owners

Parcel No.	Address	Taxkey	Owner Name
1	2100 W NORTH AV	325-0005-110	HG SEARS LLC
2	2202-18 W NORTH AV	325-0007-000	CITY OF MILWAUKEE
3	2228 W NORTH AV	325-0008-100	CITY OF MILWAUKEE
4	2228 W NORTH AV	325-8100-000	CLEAR CHANNEL OUTDOOR, INC
5	2228 W NORTH AV	325-8101-000	CLEAR CHANNEL OUTDOOR, INC
6	2229 W FOND DU LAC AV	325-8105-000	CLEAR CHANNEL OUTDOOR, INC
7	2229-31 W FOND DU LAC AV	325-0004-000	JAMES CANADY
8	2239 W FOND DU LAC AV	325-0003-000	CITY OF MILWAUKEE
9	2245 W FOND DU LAC AV	325-0002-000	FRIENDSHIP INC
10	2249-53 W FOND DU LAC AV	325-0001-000	FRIENDSHIP INC

EXHIBIT 4

ECONOMIC FEASIBILITY STUDY FOR THE IKON TID (NO. 98)

Background:

The City of Milwaukee is proposing to create The Ikon Tax Incremental District No. 98 (the “District”) to provide up to a \$4,000,000 loan to the Developer for costs associated with the Hotel Project.

The District is comprised of ten properties totaling 325,195 SF of land (the “Property”).

Current Property Valuation:

The assessment of the Property as of 1/1/2018 was \$1,477,600 and thus, that is the estimated base value of the proposed District with a base year of 2019.

Anticipated Future Value of the District:

Increment generated in the District will come primarily from redevelopment of the Property into an 80-room full-service boutique with an attached 24,600 SF conference center.

Value of Hotel

The hotel will include a full-service restaurant on the rooftop, lobby bar and co-working space in addition to the 80 rooms. Comparable hotels include:

- Days Inn at 1840 North 6th Street is a limited service hotel with 81 rooms. This is the closest hotel to the proposed Hotel Project. In 2018 it was assessed at \$2,600,000 (\$32,000/room).
- Ambassador Inn at 2301-05 West Wisconsin Avenue is a limited service hotel outside of downtown with 40 rooms. In 2018 it was assessed at \$1,311,800 (\$32,795/room).
- Ambassador Hotel at 2308-24 West Wisconsin Ave is a full-service hotel outside of downtown with 120 rooms. This is the closest comparable to the Hotel Project in terms of style and quality of the hotel. In 2018 it was assessed at \$8,125,300. However, that figure includes 52 apartment units on the same parcel. Apartments in the area are assessed at \$35-45,000/unit. So, subtracting their \$2,340,000 (52 x \$45,000) value from the site, the hotel value is \$5,785,300 (\$8,125,300 - \$2,340,000), or 48,210/room (\$5,785,300/120).

Hotels in the downtown area have a value of \$100,000-\$200,000/room depending on their location, quality and amenities. However, based on the above comparables, for the purposes of this feasibility study it is assumed that once occupancy is stabilized in 2022, the hotel portion of the project will be valued at \$40,000/room or \$3,200,000.

Value of Conference Center

Included in the Hotel Project will be an attached 24,600 SF conference center. Comparables for that space include:

- 3041 North at 3041 West North Avenue is a 7,200 SF event space with a 2018 assessment of \$126,000 (\$17.50/SF). This property is about 8 blocks west of the Property.
- South Second at 838 South Second Street is 6,000 SF event space with a 2018 assessment of \$408,000 (\$68/SF). This property is solely used as an event space in the Walker’s Point neighborhood.
- Italian Community Center at 625-655 East Chicago Street is a 52,368 SF conference center with a 2018 assessment of \$5,891,000 (\$112/SF). This property includes surface parking spaces that provide an additional revenue stream.

Many other event spaces are part of tax-exempt properties (like churches, theaters, community centers, non-profit centers and schools) or part of a larger taxable property (like a hotel). As a result, it is difficult to determine the true value of a private convention center. For the purposes of this feasibility study it is assumed that once occupancy is stabilized in 2022, the conference center portion of the project will be valued at \$18/SF or \$442,800.

Therefore, the hotel and conference center are estimated to have a stabilized value of \$3,642,800 in 2022 (\$3,200,000 + \$442,800).

The Developer plans to include 100,000 SF of small business incubator and office space in the Hotel Project, but for the purposes of this feasibility study, it is assumed that no additional value is placed on that space, due to the speculative nature of it at this time. In addition, for the purposes of this feasibility study, it is assumed that no further development or redevelopment occurs in the District. However, a 1% annual appreciation on all Property is assumed.

Anticipated District Cash Flow:

In addition to the incremental tax revenue, the District will receive loan payments from the Developer. The repayment terms for the loan are as follows:

- No interest for Year 1 and Year 2
- Interest-only payments in Years 3-5 at 4.5% interest
- Principal and interest payments starting in Year 6, with a 15-year term and amortization at 4.5% interest

Attached as Table 1 is a cash flow forecast for the proposed District. In addition to the loan repayment, basic parameters of this forecast are:

- Base Value: \$1,477,600
- Tax Rate: 2.785%
- Interest Rate: 4.5%
- Annual Appreciation: 1.00%
- Project Costs: \$4,015,000 (for the loan)
- Annual Admin Costs: \$7,500 (2 years)

As shown in the forecast, the District is able to amortize the Project Costs in an estimated 18 years. Given this estimate, the proposed District is determined to be feasible and capable of amortizing the Project Costs within the statutory life of the proposed District.

The Ikon TID No. 98 Feasibility

No.	Assessment Year	Budget Year	Base Value	Projected Value	TID		Cumulative Inc. Revenue	Developer Loan Repayment	Debt Service on Project Costs	Total		After reserving for remaining debt Surplus/(deficit)	TID Payoff
					Incremental Value	Increment				Cash flow	Cum. Cash Flow		
1	2019	2020	1,477,600	1,477,600	-	-	-	-	(182,482)	(182,482)	(182,482)	(6,174,289)	
2	2020	2021	1,477,600	1,477,600	-	-	-	-	(182,482)	(182,482)	(364,964)	(6,174,289)	No
3	2021	2022	1,477,600	2,000,000	522,400	14,549	14,549	180,000	(182,482)	12,067	(352,896)	(5,979,740)	No
4	2022	2023	1,477,600	3,642,800	2,165,200	60,301	74,850	180,000	(182,482)	57,819	(295,077)	(5,739,439)	No
5	2023	2024	1,477,600	3,679,228	2,201,628	61,315	136,165	180,000	(418,797)	(177,482)	(472,559)	(5,498,124)	No
6	2024	2025	1,477,600	3,716,020	2,238,420	62,340	198,505	372,455	(418,797)	15,998	(456,561)	(5,063,328)	No
7	2025	2026	1,477,600	3,753,180	2,275,580	63,375	261,880	372,455	(418,797)	17,033	(439,528)	(4,627,498)	No
8	2026	2027	1,477,600	3,790,712	2,313,112	64,420	326,300	372,455	(418,797)	18,078	(421,449)	(4,190,623)	No
9	2027	2028	1,477,600	3,828,619	2,351,019	65,476	391,776	372,455	(418,797)	19,134	(402,315)	(3,752,692)	No
10	2028	2029	1,477,600	3,866,906	2,389,306	66,542	458,318	372,455	(418,797)	20,200	(382,115)	(3,313,694)	No
11	2029	2030	1,477,600	3,905,575	2,427,975	67,619	525,937	372,455	(418,797)	21,277	(360,838)	(2,873,620)	No
12	2030	2031	1,477,600	3,944,630	2,467,030	68,707	594,644	372,455	(418,797)	22,365	(338,473)	(2,432,458)	No
13	2031	2032	1,477,600	3,984,077	2,506,477	69,805	664,449	372,455	(418,797)	23,464	(315,009)	(1,990,197)	No
14	2032	2033	1,477,600	4,023,917	2,546,317	70,915	735,364	372,455	(418,797)	24,573	(290,436)	(1,546,827)	No
15	2033	2034	1,477,600	4,064,157	2,586,557	72,036	807,400	372,455	(418,797)	25,694	(264,742)	(1,102,336)	No
16	2034	2035	1,477,600	4,104,798	2,627,198	73,167	880,567	372,455	(418,797)	26,826	(237,917)	(656,714)	No
17	2035	2036	1,477,600	4,145,846	2,668,246	74,311	954,878	372,455	(418,797)	27,969	(209,948)	(209,948)	No
18	2036	2037	1,477,600	4,187,305	2,709,705	75,465	1,030,343	372,455		447,921	237,973	237,973	YES
19	2037	2038	1,477,600	4,229,178	2,751,578	76,631	1,106,975	372,455		449,087	687,059	687,059	YES
20	2038	2039	1,477,600	4,271,469	2,793,869	77,809	1,184,784	372,455		450,264	1,137,324	1,137,324	YES
21	2039	2040	1,477,600	4,314,184	2,836,584	78,999	1,263,783			78,999	1,216,323	1,216,323	YES
22	2040	2041	1,477,600	4,357,326	2,879,726	80,200	1,343,983			80,200	1,296,523	1,296,523	YES
23	2041	2042	1,477,600	4,400,899	2,923,299	81,414	1,425,397			81,414	1,377,937	1,377,937	YES
24	2042	2043	1,477,600	4,444,908	2,967,308	82,640	1,508,037			82,640	1,460,577	1,460,577	YES
25	2043	2044	1,477,600	4,489,357	3,011,757	83,877	1,591,914			83,877	1,544,454	1,544,454	YES
26	2044	2045	1,477,600	4,534,251	3,056,651	85,128	1,677,042			85,128	1,629,582	1,629,582	YES
27	2045	2046	1,477,600	4,579,593	3,101,993	86,391	1,763,432			86,391	1,715,972	1,715,972	YES
							1,763,432	6,126,828	(6,174,289)	1,715,972			

Annual appreciation	1.010
Interest Rate	4.50%
Base Value	1,477,600
Projected Value	
Property Tax rate	2.785%
Issuance Costs	40,150
Project Costs	4,015,000

(2018 values)

Developer Loan Terms

Principal	4,000,000
Interest	4.50%
Amortization	15

EXHIBIT 5
Letter from the City Attorney

EXHIBIT 6
The Ikon Loan Term Sheet

03/21/19

THE IKON LOAN TERM SHEET

(The Ikon – TID 98)

PROJECT

The Ikon project is a mixed-use development proposed on property bounded by West North Avenue, North 24th Street, West Oak Street and West Fond du Lave Avenue (the “Project Site”). The majority of the Project Site, 2100 West North Avenue, is owned by HG Sears, LLC (the “Developer”), or successors and assigns. The Project Site also includes three parcels owned by the City of Milwaukee (the “City”) and a few other privately-owned parcels.

The initial project would redevelop the former Sears and Milwaukee Mall building at the corner of West North Avenue and West Fond du Lac Avenue (the “Hotel Property”) into a 80-room boutique hotel, restaurant, retail/commercial space, parking and an adjacent 24,600 SF conference center (the “Hotel Project”) with a total investment of apr. \$30m. Later phases of development on the remaining portions of the Project Site could include housing, office, a fitness center retail and parking.

City proposes to assist Developer via the creation of a new Tax Incremental District No. 98 (The Ikon) (“the TID”) to fund the items below as set forth in the TID Project Plan:

- Loan (\$4,000,000). City will provide up to a \$4,000,000 loan to the Developer (the “Loan”) for development costs associated with the Hotel Project, as described in the Loan section below.

APPROXIMATE DEVELOPMENT SCHEDULE

Commence Construction of Hotel Project by December 31, 2019.
Substantial Completion of Hotel Project by December 31, 2022.

DESIGN REVIEW

Plans and specifications for the Overall Project shall be subject to the reasonable review and approval of City’s Commissioner of City Development (the “Commissioner”). City and Developer shall cooperate in the design of streetscape elements.

PARTIES

City, Redevelopment Authority of the City of Milwaukee and Developer.

PARTIES' OBLIGATIONS

In order to receive the financial assistance described above, Developer must fulfill the following obligations:

- A. Developer shall obtain building permits for the construction of Hotel Project and substantially complete construction of the Hotel Project by December 31, 2022, subject to force majeure.
- B. Developer shall repay the Loan in accordance with the terms described below.
- C. Developer shall enter into a Human Resources Agreement with City that will require Developer to utilize certified Small Business Enterprises (“SBE”) for 25% of construction and supply costs and 18% of professional services costs on the Hotel Project and utilize unemployed and underemployed residents, pursuant to City’s Resident Preference Program (“RPP”), for no less than 40% of total “worker hours” expended on construction of the Hotel Project. City and Developer shall agree upon a schedule of anticipated SBE and RPP percentages over the life of the Hotel Project. Developer may also receive credit for RPP qualified new employees added at the Project Site with respect to the required RPP percentages, per Ordinance Section 355-7-2A. If the Developer does not meet the required SBE and RPP percentages set forth in Ordinance Section 355-7-2A, release of all or a portion of the Loan may be withheld until the percentages are met or may be withheld completely if the percentages are never met.
- D. Developer shall enter into a standard payment in lieu of taxes (“PILOT”) agreement with City agreeing to make PILOT payments to City for the full property tax rate in the event that any parcel or building within the Hotel Project, or the entire Project Site, becomes exempt from the payment of real property taxes during the original term of the TID. PILOT payments shall be due until termination of the TID or through the year of the 2045 tax levy, payable in 2046; whichever shall first occur.

LOAN

City shall use funds approved as part of the TID to fund the Loan in the amount of \$4,000,000 to assist the Developer with the Hotel Project.

Initially, \$2,000,000 shall be provided to the Developer on the Loan closing date to be determined by the parties. Developer shall sign and deliver to City a First Mortgage and a Loan Agreement regarding the Loan.

Subsequent to the loan closing, Developer may draw up to an additional \$2,000,000 for pre-development activities for the Hotel Project, such as architectural/engineering expenses, legal expenses, environmental remediation, interior demolition, holding costs and other direct costs. No developer fee shall be paid from these funds, other than to

reimburse Developer for direct costs related to the project. Funds for pre-development will be drawn as expenses are incurred.

The interest rate on the Loan shall be 4.5% per year. For the first two years of the Loan, no payments shall be due and no interest shall accrue. For the subsequent three years of the Loan, interest-only payments shall be due. After the first five years, principal and interest shall be due on the Loan over a term of 15 years, amortized over 15 years.

OTHER ENTITLEMENTS OR APPROVALS

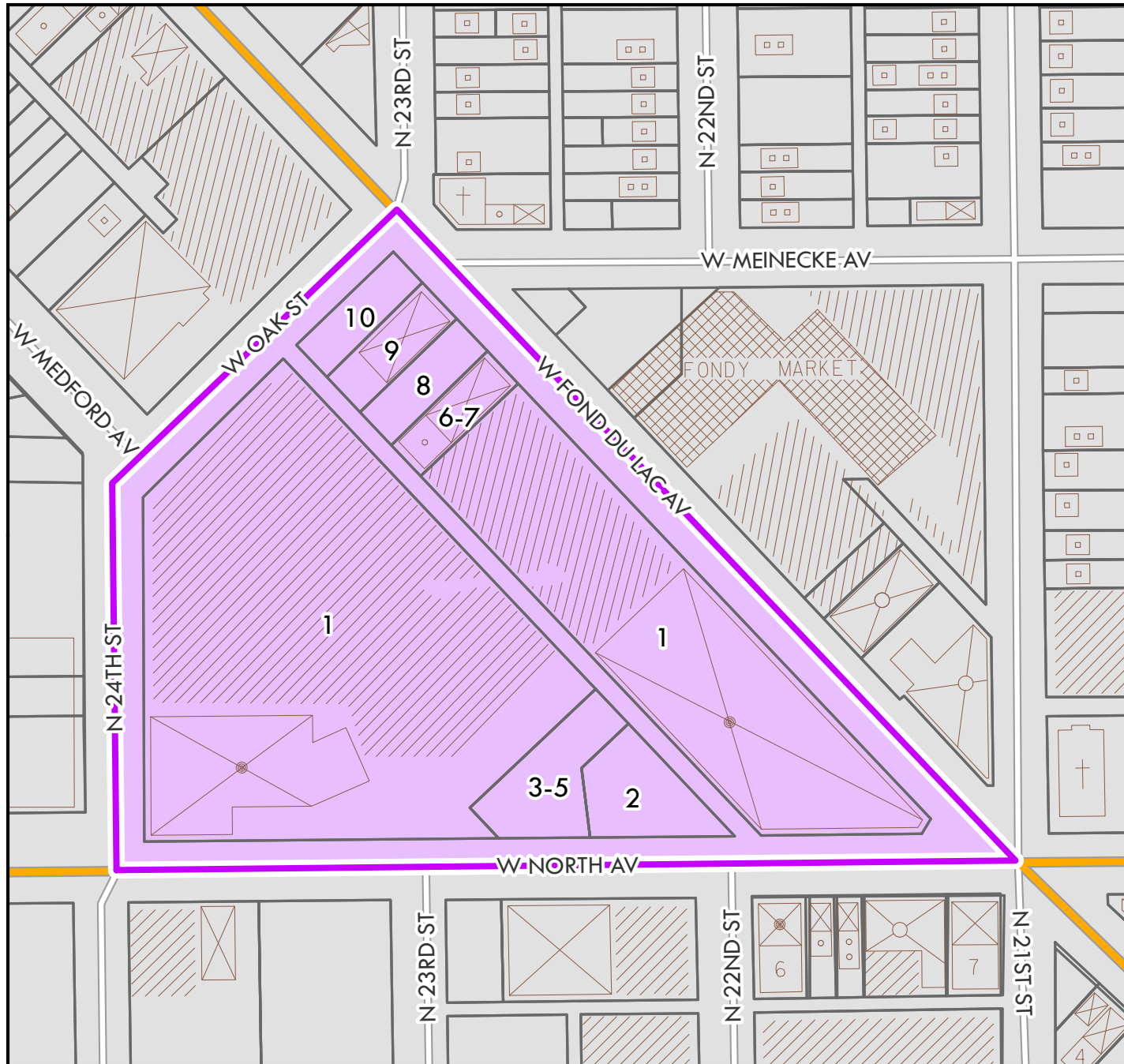
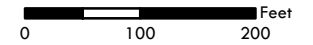
City will work with Developer to secure any zoning changes, right-of-way vacations, right-of-way dedications and any other approvals or entitlements required for the Overall Project.

GENERAL

This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort, shall be incorporated into a Loan Agreement, First Mortgage, Human Resources Agreement, a PILOT Agreement and any other documents, instruments or agreements necessary to accomplish the objectives described above. 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 City, the Commissioner will be authorized under these agreements to exercise such discretion and grant such approvals.

TID 98: THE IKON, MAP 1

BOUNDARY AND EXISTING LAND USE



PROPERTY LIST

No.	Taxkey	Property Address
1	325-0005-110	2100 W NORTH AV
2	325-0007-000	2202 W NORTH AV
3	325-0008-100	2228 W NORTH AV
4	325-8100-000*	2228 W NORTH AV
5	325-8101-000*	2228 W NORTH AV
6	325-0004-000	2229 W FOND DU LAC AV
7	325-8105-000*	2229 W FOND DU LAC AV
8	325-0003-000	2239 W FOND DU LAC AV
9	325-0002-000	2245 W FOND DU LAC AV
10	325-0001-000	2249 W FOND DU LAC AV

* Billboard

MAP LEGEND

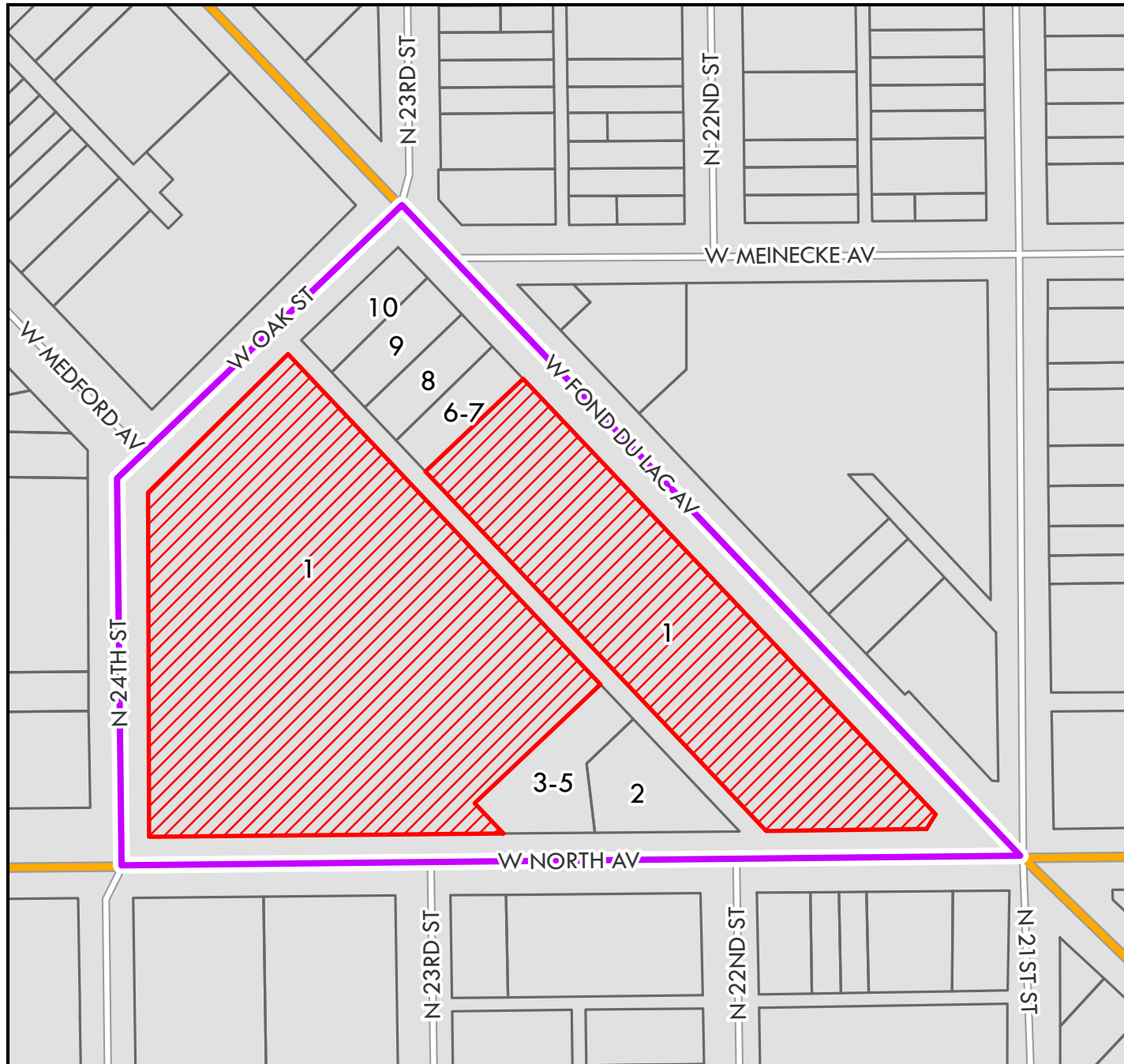
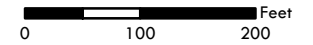
- Parcel Boundary
- TID 98 Boundary

Current Land Use

- SINGLE FAMILY RESIDENTIAL
- TWO FAMILY RESIDENTIAL
- MULTI-FAMILY RESIDENTIAL
- CONDOMINIUM
- DORMITORY
- ROOMING HOUSE
- HOTEL / MOTEL
- COMMERCIAL WITH RESIDENCE
- COMMERCIAL
- MIXED COMMERCIAL
- OFFICE OR PROFESSIONAL SERVICES
- MANUFACTURING AND WAREHOUSING
- UTILITY COMPANY
- STORAGE TANK
- ACCESSORY BUILDING
- HOSPITAL
- SKILLED CARE FACILITY / GROUP HOME
- PLACE OF WORSHIP
- NON - PUBLIC EDUCATION
- GOVERNMENTAL OR QUASI-PUBLIC BUILDING
- POLICE STATION
- FIRE STATION
- PUBLIC SCHOOL
- PLAYGROUND
- PARK
- CEMETERY
- PARKING
- BASKETBALL COURT
- TENNIS COURT
- FENCE
- ELECTRICAL LINE TRANSMISSION TOWER
- ELECTRICAL LINE
- UNDER CONSTRUCTION

TID 98: THE IKON, MAP 2

STRUCTURE CONDITION






PROPERTY LIST

No.	Taxkey	Property Address
1	325-0005-110	2100 W NORTH AV
2	325-0007-000	2202 W NORTH AV
3	325-0008-100	2228 W NORTH AV
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5	325-8101-000*	2228 W NORTH AV
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8	325-0003-000	2239 W FOND DU LAC AV
9	325-0002-000	2245 W FOND DU LAC AV
10	325-0001-000	2249 W FOND DU LAC AV

* Billboard

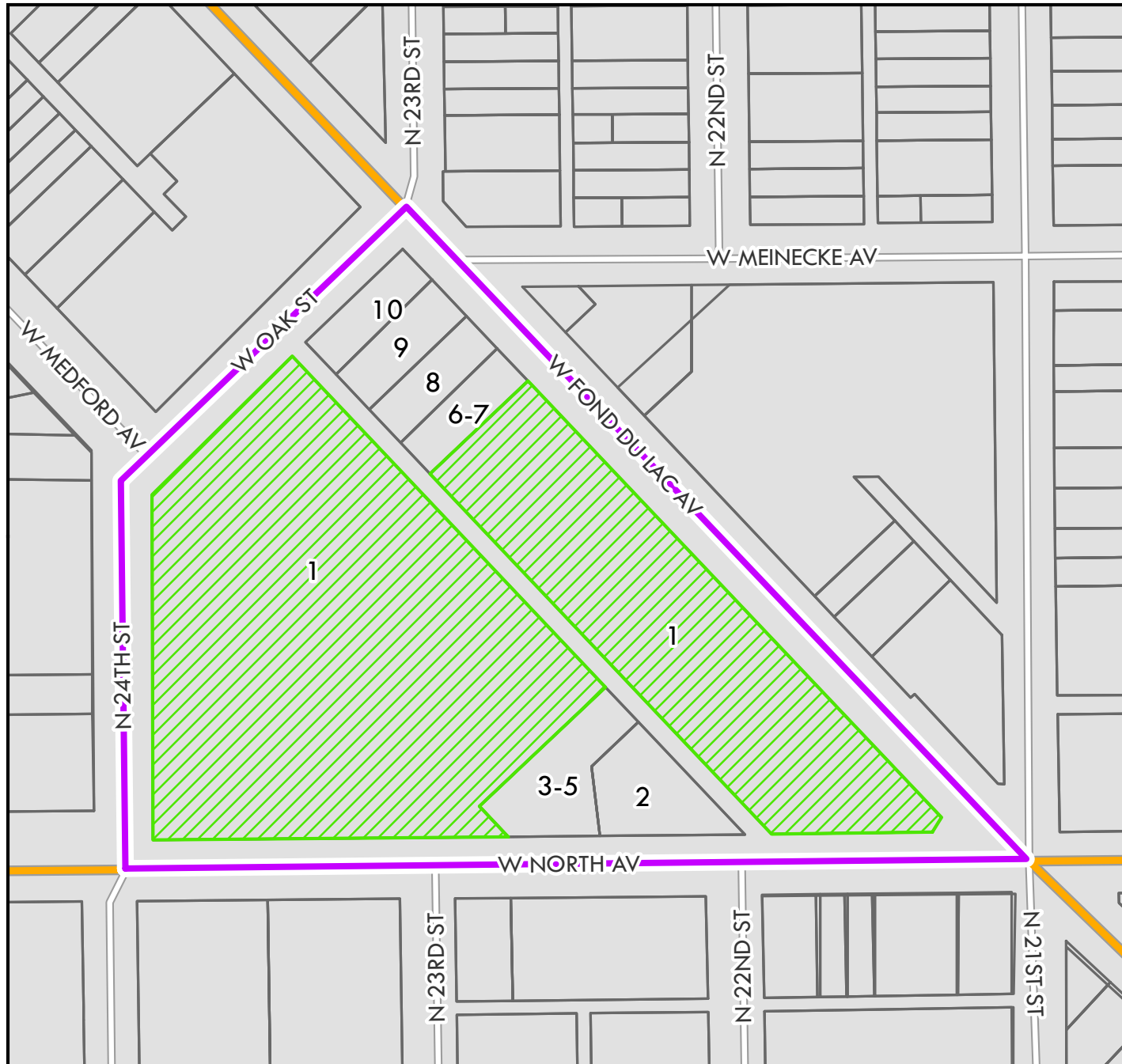
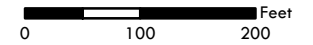
MAP LEGEND

-  TID 98 Boundary
-  Parcel Boundary
-  In Need of Rehabilitation or Conservation

TID 98: THE IKON, MAP 3

PROPOSED USES AND IMPROVEMENTS

Prepared by the Department of City Development Planning Division, 3/25/2019
 Source: City of Milwaukee Information Technology Management Division






PROPERTY LIST

No.	Taxkey	Property Address
1	325-0005-110	2100 W NORTH AV
2	325-0007-000	2202 W NORTH AV
3	325-0008-100	2228 W NORTH AV
4	325-8100-000*	2228 W NORTH AV
5	325-8101-000*	2228 W NORTH AV
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* Billboard

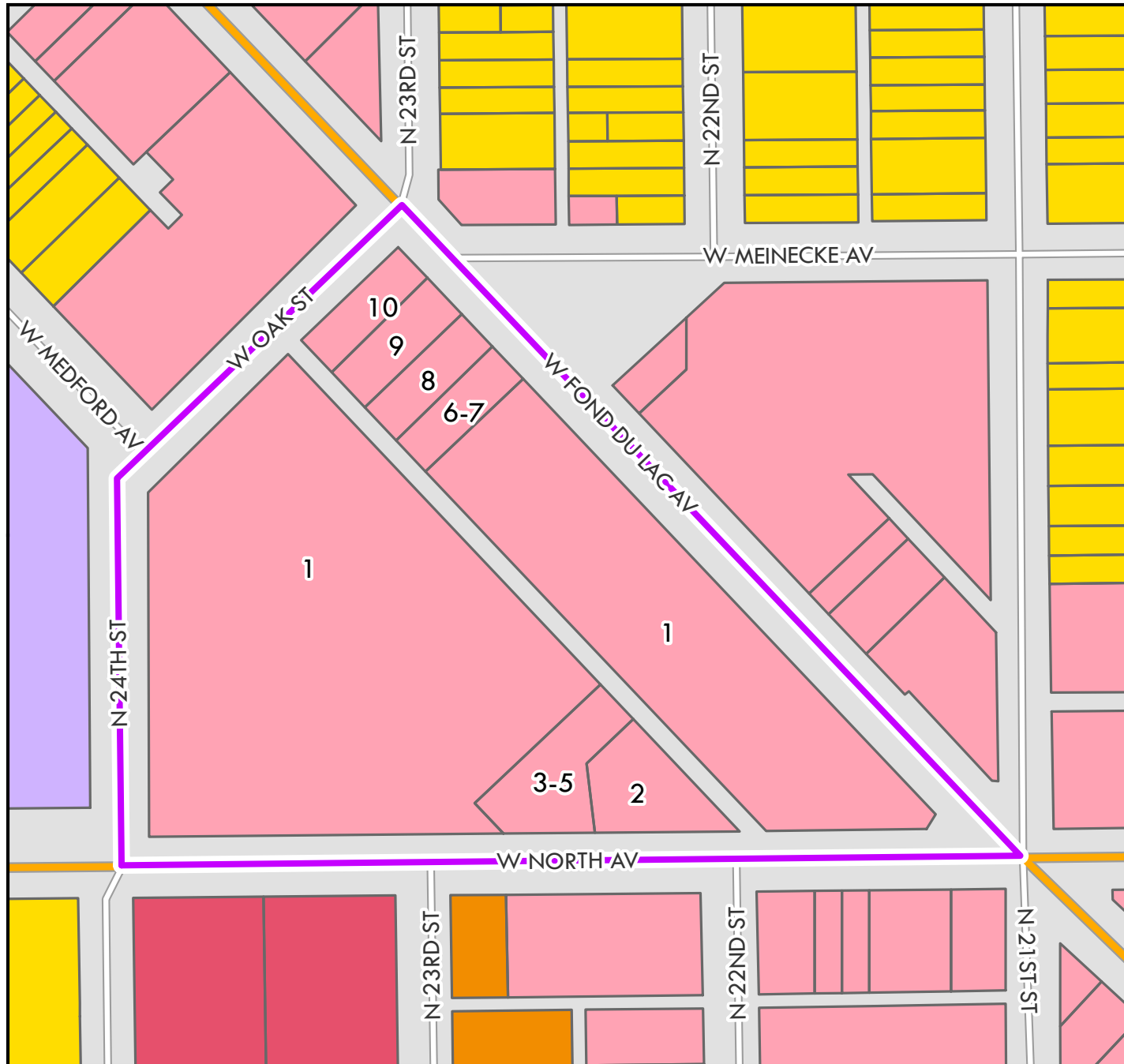
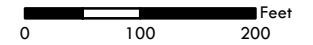
MAP LEGEND

-  TID 98 Boundary
-  Parcel Boundary
-  Project Site
(Parcel 1 - Hotel Project)

TID 98: THE IKON, MAP 4

EXISTING ZONING

Prepared by the Department of City Development Planning Division, 3/25/2019
 Source: City of Milwaukee Information Technology Management Division



PROPERTY LIST

No.	Taxkey	Property Address
1	325-0005-110	2100 W NORTH AV
2	325-0007-000	2202 W NORTH AV
3	325-0008-100	2228 W NORTH AV
4	325-8100-000*	2228 W NORTH AV
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8	325-0003-000	2239 W FOND DU LAC AV
9	325-0002-000	2245 W FOND DU LAC AV
10	325-0001-000	2249 W FOND DU LAC AV

* Billboard

MAP LEGEND

- TID 98 Boundary
- Parcel Boundary
- Commercial Service (CS)
- Commercial (LB2)
- Residential - Two Family (RT4)
- Residential - Multi-Family (RM4)
- Planned Development (PD)