

**AMENDMENT NO. 5**

**PROJECT PLAN FOR  
TAX INCREMENTAL FINANCING DISTRICT NO. 37  
(GRAND AVENUE)**

**CITY OF MILWAUKEE**

**Public Hearing Held: July 18, 2019**

**Redevelopment Authority Adopted:**

**Common Council Adopted:**

**Joint Review Board Adopted:**

**AMENDMENT NO. 5 to the PROJECT PLAN for  
TAX INCREMENTAL FINANCING DISTRICT NUMBER 37  
CITY OF MILWAUKEE  
(GRAND AVENUE)**

**Introduction**

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

Wis. Stat. 66.1105 (2)(f) 1.n. permits that amendment to fund projects located outside, but within one half-mile of the district's boundary.

The Common Council in 1998 created Tax Incremental District No. 37 (the "**District**") and approved the District's project plan (the "**Plan**") to revitalize the downtown retail and commercial district anchored by the Grand Avenue retail center. Initially, the District assisted in the construction of the Courtyard by Marriott hotel, as well as public infrastructure improvements in the area, totaling \$2,500,000 in project costs.

Amendment No. 1 to the Plan was approved in 1999, and provided \$9,400,000 towards the redevelopment of the former Marshall Field's/Gimbels building into office, hotel and retail uses, and is now known as the ASQ Center.

Amendment No. 2 to the Plan was approved in 2000, and provided \$5,000,000 towards the redevelopment of the Boston Store building into office, residential and retail uses.

Amendment No. 3 to the Plan was approved in 2014, and provided \$1,200,000 to Bon-Ton Stores, Inc. ("**Bon-Ton**"), plus \$6,000 in administrative expenses, to assist in keeping its headquarters and the Boston Store department store in downtown Milwaukee.

Amendment No. 4 to the Plan was approved in 2017 and authorized funds for a number of projects and improvements surrounding the Grand Avenue mall complex: a façade grant to assist in the redevelopment of the Grand Theater (\$750,000), a forgivable loan to Bon-Ton (\$1,900,000), street improvement projects (\$4,365,000), other public infrastructure improvement projects (\$750,000) and administrative expenses (\$100,000), totaling \$7,865,000 in new Project Costs.

Amendment No. 5 to the Plan (the "**Amendment**") authorizes an additional \$3,000,000 in public infrastructure improvements for the reconstruction of North 2nd Street between West Wisconsin Avenue and North Plankinton Avenue.

Per Wis. Stat. 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 to be 20%.

**Amendments to the Project Plan:**

The following amendments are made to the District's Plan. All other sections of the Plan remain unchanged.

**I. DESCRIPTION OF THE PROJECT**

**Plan Section I.D., “Proposed Public Action,” is amended by adding the following:**

Funds generated from the District will be used for the following purposes under Plan Amendment 5:

Street Improvement Projects (\$3,000,000)

- Additional 2nd Street Reconstruction. In conjunction with the renovation of the Grand Theater, reconstruct North 2nd Street from West Wisconsin Avenue to North Plankinton Avenue, including utilities, and improvements to the sidewalks abutting the Grand Theater.

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

**II. PLAN PROPOSALS**

**Plan Section II.B.2, “Detailed List of Estimated Project Costs,” is amended by adding the following:**

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 Wis. Stat. 66.1105 (2)(f) and, in an amendment to the Cooperation, Reimbursement and Redevelopment Agreement entered into by and between the City of Milwaukee, the Redevelopment Authority of the City of Milwaukee, TNSH Landlord, LLC and Milwaukee Symphony Orchestra, Inc., which agreements are incorporated herein by reference, provided further that such expenditures are necessitated by this Project Plan.

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

Capital Costs

Under this Amendment 5, the City shall fund an estimated \$3,000,000 in the form of TID Capital Project Costs enumerated in further detail in Table A of this Plan.

**TABLE A: Grand Avenue TID Amendment No. 5 Capital Project Costs**

<b>Public Infrastructure</b>	
Street Improvements Projects	\$3,000,000
<b>TOTAL Public Infrastructure</b>	<b>\$3,000,000</b>
<b>TOTAL Capital Project Costs</b>	<b>\$3,000,000</b>

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 bonds that will be issued to pay for Project Costs. Estimates of bond interest are based on interest rates as set forth in the Economic Feasibility Analysis for this Project, attached as **Exhibit 1, “Economic Feasibility Study for Amendment No. 5 to the Grand Avenue TID No. 37.”**

**TABLE B: Lists of Estimated Project Costs**

A	<u>Capital:</u> Public Infrastructure	\$3,000,000
B	<u>Other:</u> Administration	\$0
	Total Estimated Project Costs, excluding financing	\$3,000,000
C	<u>Financing:</u> Interest payment	\$475,000
D	<u>District Costs to Date:</u>	\$29,942,482

**Plan Section III.B.3, “Description of Timing and Methods of Financing” is amended to add the following as new section III.B.3.c.:**

All Amendment 5 expenditures are expected to be incurred in 2019-20.

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

**Plan Section II.B.4, “Economic Feasibility Study”, is amended to add the following:**

The Economic Feasibility Study for Amendment No. 5 to the Project Plan is attached as **Exhibit 1, “Economic Feasibility Study for Amendment No. 5 to the Grand Avenue TID No. 37.”**

Based upon the anticipated tax incremental revenue to be generated by the District, the District is financially feasible and it likely to be retired on or before 2021, the 23rd year of the District. Accordingly, the District is determined to be feasible.

**Plan Section II.B.8, “List of Non-Project Costs”, is amended by adding the following:**

None – there are no estimated non-project costs associated with Amendment 5.

**Plan Section II.B.11, “Opinion of City Attorney”, is amended by adding the attached letter from the City Attorney.**

## **EXHIBIT 1**

### **ECONOMIC FEASIBILITY STUDY FOR AMENDMENT NO. 5 TO THE GRAND AVENUE TID NO. 37**

#### **Background:**

The City of Milwaukee is proposing Amendment No. 5 to the Grand Avenue Incremental District No. 37 (the “**District**”) to pay for public infrastructure improvements totaling \$3,000,000 (the “**Amendment 5 Project Costs**”). The original Project Plan and Amendments 1, 2, 3 and 4 funded \$29,942,482 in District Costs to Date.

The base value of the District when created in 1998 was \$60,317,400.

#### **Current Property Valuation:**

The total assessment of the District as of 1/1/2019 was \$130,920,947.

#### **Anticipated Future Value of the District and District Cash Flow:**

Attached as Table 1 is a cash flow forecast for the proposed Amendment No. 5 to the District. Basic parameters of this forecast are:

- Base Value of the District: \$60,317,400
- 2019 Value of the District: \$130,920,947.
- Tax Rate: 2.785%
- Interest Rate: 4.75%
- Annual Appreciation: 1.00%
- District Costs to Date: \$29,942,482
- Amendment 5 Project Costs: \$3,000,000
- Issuance Costs: 1.00%

As shown in the forecast, the District is able to amortize the District’s Costs to Date and the Amendment 5 Project Costs by 2021, year 23 of the District. Given this estimate, the proposed District is determined to be feasible and capable of amortizing the District Costs to Date and Amendment 5 Project Costs within the statutory life of the proposed District.

**Table 1: TID 37 Amendment No. 5 Feasibility Study**

Year No.	Assessment Year	Budget Year	Base Value	Projected Value	TID Incremental Value	Increment	Cumulative Inc. Revenue	Loan repayments to TID & other rev	Debt Service	Amend No. 4 Project Costs	Amend No. 5 Project Costs	Cash flow	Cum. Cash Flow	After reserving for remaining debt		TID Payoff								
														Surplus/(deficit)										
1	1998	1999	60,317,400	60,317,400					24,917			24,917	24,917	(45,163,506)										
2	1999	2000	60,317,400	66,460,000			-	86,666	(130,965)			(44,299)	(19,382)	(45,076,839)	No									
3	2000	2001	60,317,400	67,141,200	6,142,600	173,189	173,189	130,442	(155,660)			147,971	128,589	(44,773,208)	No									
4	2001	2002	60,317,400	84,218,600	6,823,800	204,109	377,298	400,943	(254,783)			350,269	478,859	(44,168,156)	No									
5	2002	2003	60,317,400	95,474,800	23,901,200	674,020	1,051,318	508,430	(1,059,764)			122,686	601,544	(42,985,706)	No									
6	2003	2004	60,317,400	98,933,300	35,157,400	979,712	2,031,030	979,712	(1,150,098)			2,220,878	2,822,422	(39,614,730)	No									
7	2004	2005	60,317,400	117,997,000	38,615,900	1,019,749	3,050,779	463,312	(1,849,452)			(366,391)	2,456,031	(38,131,669)	No									
8	2005	2006	60,317,400	115,937,400	57,679,600	1,503,155	4,553,934	301,953	(1,902,893)			(97,785)	2,358,246	(36,326,561)	No									
9	2006	2007	60,317,400	133,726,000	55,620,000	1,357,668	5,911,602	339,463	(1,903,157)			(206,026)	2,152,220	(34,629,430)	No									
10	2007	2008	60,317,400	152,270,800	73,408,600	1,617,743	7,529,345	2,343,307	(2,137,460)			1,823,590	3,975,810	(30,668,380)	No									
11	2008	2009	60,317,400	120,738,400	91,953,400	2,065,310	9,594,655	301,714	(3,483,013)			(1,115,989)	2,859,821	(28,301,356)	No									
12	2009	2010	60,317,400	140,084,500	60,421,000	1,449,257	11,043,912	373,290	(2,040,629)			(218,082)	2,641,739	(26,478,809)	No									
13	2010	2011	60,317,400	111,200,300	79,767,100	2,032,261	13,076,173	2,388,010	(2,100,398)			2,319,873	4,961,612	(22,058,538)	No									
14	2011	2012	60,317,400	117,888,000	50,882,900	1,363,389	14,439,562	239,455	(2,248,114)			(645,270)	4,316,342	(20,455,694)	No									
15	2012	2013	60,317,400	121,551,700	57,570,600	1,640,869	16,080,431	243,349	(1,745,690)			138,528	4,454,870	(18,571,476)	No									
16	2013	2014	60,317,400	127,204,100	61,234,300	1,862,611	17,943,042	341,212	(1,672,038)			531,785	4,986,655	(16,367,653)	No									
17	2014	2015	60,317,400	129,095,100	66,886,700	2,079,945	20,022,987	297,279	(1,563,172)			814,052	5,800,707	(13,990,429)	No									
18	2015	2016	60,317,400	128,635,000	68,777,700	2,092,453	22,115,440	169,381	(1,221,025)			1,040,809	6,841,517	(11,728,595)	No									
19	2016	2017	60,317,400	142,110,100	68,317,600	2,086,554	24,201,994	47,310	(1,085,052)			1,048,812	7,890,329	(9,594,731)	No									
20	2017	2018	60,317,400	124,966,300	64,648,900	2,408,464	26,610,458	50,126	(1,923,001)			535,589	8,425,918	(7,136,141)	No									
21	2018	2019	60,317,400	129,624,700	69,307,300	1,908,292	28,518,750	2,479,315	(1,553,567)			2,834,040	11,259,958	(2,748,534)	No									
22	2019	2020	60,317,400	130,920,947	70,603,547	1,930,670	30,449,420		(194,645)			1,736,025	12,995,983	(817,864)	No									
23	2020	2021	60,317,400	132,230,156	71,912,756	2,002,770	32,452,190		(50,534)	(1,822,122)	(695,024)	(564,909)	12,431,073	1,184,906	YES									
24	2021	2022	60,317,400	133,552,458	73,235,058	2,039,596	34,491,787		(199,858)	(1,822,122)	(695,024)	(677,407)	11,753,666	3,224,503	YES									
25	2022	2023	60,317,400	134,887,983	74,570,583	2,076,791	36,568,577		(197,279)	(1,822,122)	(695,024)	(637,634)	11,116,032	5,301,293	YES									
26	2023	2024	60,317,400	136,236,862	75,919,462	2,114,357	38,682,934		(188,960)	(1,822,122)	(695,024)	(591,749)	10,524,283	7,415,650	YES									
27	2024	2025	60,317,400	137,599,231	77,281,831	2,152,299	40,835,233		(591,487)	(1,822,122)	(695,024)	(956,334)	9,567,949	9,567,949	YES									
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						40,835,233		13,921,139	(32,602,694)	(9,110,608)	(3,475,121)	9,567,949												

Annual Appreciation	1.010
Interest Rate	4.75%
Base Value	60,317,400
Property Tax rate	2.785%
Issuance Costs	30,000
Amend No. 5 Costs	3,000,000

Unbonded costs	3,000,000
Int. rate	4.75%
Issuance costs	30,000

(475,121)