

PROJECT PLAN
for
TAX INCREMENTAL DISTRICT NUMBER 46
CITY OF MILWAUKEE
(New Arcade Project)

Redevelopment Authority
of the
City of Milwaukee
Milwaukee, Wisconsin

Prepared by
Department of City Development

in conformance with the provisions
of Section 66.1105, Wisconsin Statutes,
as amended.

July 2001

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 46, City of Milwaukee, (TID 46 and/or District) is composed of approximately two and a half blocks on the west side of Milwaukee's central business district. The District is shown on Map No. 1, "Boundary and Existing Land Use," and described more precisely in Exhibit 1, "Boundary Description." The area consists solely of whole units of property as are assessed for general tax purposes and which are bounded on one or more sides by railroad rights-of-way, highways or rivers. A complete list of properties in the District is provided in Exhibit 2, "Property Characteristics."

The District contains property totaling 328,149 square feet (7.5 acres), more or less, exclusive of public streets and alleys. Approximately 64 percent, by area, (209,490 square feet) of the real property located within the District was found to be "in need of rehabilitation or conservation work" within the meaning of Section 66.1337(3), Wisconsin Statutes. Exhibit 2 illustrates how the properties in the District meet the statutory criteria for Tax Incremental Districts.

The District is completely contained within the boundaries of Tax Increment District Number 37.

C. Plan Objectives

The District encompasses the core of the Grand Avenue retail mall, which is the heart of retail activity in Milwaukee's downtown. In 1998, the city and private sector partners began a phased and multi-faceted effort to revitalize the Grand Avenue mall. To date, that effort has resulted in the reuse of the former Marshall Fields department store building, the renovation of the Boston Store department store building, and the addition of a Courtyard by Marriott hotel on a formerly vacant site. In January 2001, a new management firm was retained for the mall. The mall owners and manager have now prepared plans for the renovation of the mall itself.

The Grand Avenue mall is composed of two multi-level arcades, the two level Plankinton Arcade in the block between Plankinton Avenue and Second Street and the three level New Arcade that extends from Second Street almost to Fourth Street. The District will initially provide financial assistance for interior remodeling of the New

Arcade, the reconstruction of the mall's main entrance at Old World Third Street and enhancing other project signage.

By providing funding for projects that cannot be funded by the private sector alone and for complementary public improvements, the District will help the Grand Avenue re-emerge as a vital factor in Milwaukee area retailing. The District also includes and will facilitate achieving the objectives of the Downtown Retail Center redevelopment project area established by the Redevelopment Authority of the City of Milwaukee (RACM) pursuant to section 66.1333(5)1, Wisconsin Statutes.

The more detailed objectives of this Project Plan are to:

1. Increase the attractiveness of Milwaukee's downtown, and the Grand Avenue in particular, as a shopping destination.
2. Strengthen the economic vitality of the downtown and the Grand Avenue by introducing new stores and new retailing formats, and foster additional housing development.
3. Promote the coordinated development of vacant or underutilized space within buildings, for appropriate retail, residential, commercial/office, commercial/service, and/or public use.
4. Provide public improvements that are not feasible without public/private cooperation, including, but not limited to, pedestrian amenities.
5. Encourage adaptive reuse of historic and architecturally significant buildings that are structurally sound but functionally obsolete.
6. Impose mandatory standards for property rehabilitation and development, including the aesthetic treatment of parking facilities.
7. Eliminate obsolete conditions, blighting influences and environmental deficiencies that impede development and detract from the functionality, aesthetic appearance and economic welfare of this important section of the city.
8. Create new employment opportunities.

D. Proposed Public Action

Initially, the District will fund a \$750,000 grant to the Redevelopment Authority which will use those funds to make a \$750,000 grant to the developer's of the New Arcade. The district will also fund \$250,000 in public improvement and administrative expenses. It is possible that future amendments to this District for other investments in this area will be proposed.

While the grant to the Redevelopment Authority is expected to be the principal means of achieving the objectives of this Plan, 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 Section 66.1333(5), Wisconsin Statutes, within the District.

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."

a. The plan includes the public works and improvements described in general below. The specific kind, number, and locations of public works and other improvements will be based on detailed final plans, specifications and estimates as approved by the city's Department of City Development for project and site development. While not anticipated

at this time, improvements such as vacation of existing public rights-of-way, site clearance, environmental remediation, and reimbursement to owners of abutting property for costs directly related to the project also may be undertaken if necessary for the implementation of the plan for the District.

b. The number and location of the proposed public works and improvements are shown on Map No. 3, titled Proposed Improvements and Uses, and are listed below:

1. Grant to the Redevelopment Authority under section 66.1333(13), Wisconsin Statutes, to assist in the redevelopment of the Grand Avenue's New Arcade area and related project signage.

2. "Detailed List of Estimated Project Costs."

The kind, number, location and estimated costs of public works and improvements necessitated by this project as identified above, are based on preliminary plans and concepts developed in consultation with the Department of Public Works and as part of the preparation of the economic feasibility study for the District. These may be modified as to kind, number, location, and the costs reallocated at any time during project execution based on more definitive engineering studies and construction plans without amendment of this Plan.

The costs included in this subsection and detailed in Table "A" which follows are, without limitation hereof because of enumeration, claimed as eligible Project Costs as defined under Section 66.1105(2) (f) and 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 redeveloper(s), which agreements are incorporated herein by reference, provided further that such expenditures are necessitated by this Project Plan.

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

a. Capital Costs

A statement of the kinds of activities proposed for the project is included in subsection III.B.1. of this Plan.

b. Other Costs

This category of Project Costs includes estimates for administrative, professional, organizational and legal costs. Components of the "other costs" include, in general, costs of salaries and employee benefits for employees engaged in planning, engineering, implementing, and administering activities in connection with the tax increment district. Related costs of supplies, materials, contract and consultant services, rental of space and equipment, and the reasonable costs of City departments and agencies

having oversight responsibilities due to the creation of this District. Such services include but are not limited to purchasing, property appraisals, personnel, legal, accounting, auditing, the provision of space and maintenance, and costs charged in accordance with an approved cost allocation plan. These costs are estimated at \$100,000.

c. 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.

Table A
List of Estimated Project Costs¹

A	<u>Capital:</u>	\$900,000
	Grant to RACM - \$750,000	
	Public improvements - \$150,000	
B	<u>Other:</u>	\$100,000
	Administrative, professional, organizational and legal,	
	Total Estimated Project Costs, excluding financing	\$1,000,000
C	<u>Financing:</u>	\$689,648
	Interest payment on tax-exempt bonds	

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

a. Estimated Timing of Project and Financing Costs

The Summary of Project Costs (Schedule "A" below) identifies the year in which actual expenditures for the cost of public works and improvements described in this plan is expected to be incurred. This schedule anticipates the time costs will be incurred, not the time contracts or other obligations may be entered into. The estimates presented are subject to change as actual circumstances during the project execution period may require. However, all expenditures will be made prior to the year 2008, pursuant to the provisions of s. 66.1105(6)(am), Wisconsin Statutes.

¹ The City of Milwaukee and RACM reserve the right to make only those improvements and to undertake only those activities that are deemed economically feasible and appropriate during the course of project implementation and which are commensurate with positive growth in the tax increment.

Schedule A
Estimated Timing of Project Costs

Year	Estimated Project Cost	Cumulative Total
2001	\$500,000	\$500,000
2002	\$250,000	\$750,000
2003	\$250,000	\$1,000,000

b. Estimated Method of Financing Project Costs

Sale of General Obligation Bonds: \$1,000,000²

The estimated method of financing may be subject to change during the project period. Consequently, the method identified may, as circumstances warrant, be redefined and the dollar amount adjusted without formal modification of this Plan during the course of project implementation.

The funding source for payment of financing costs will be from tax increment revenues pursuant to Section 66.1105(6)(c), or from other funds ordinarily used for payment of borrowing obligations. It is the City's intent to maximize the use of TIF funds for the cost of City participation in this project.

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. 46, July 2001*, is on file in the Office of the Redevelopment Authority of the City of Milwaukee, 809 North Broadway, Milwaukee, Wisconsin, and in the Office of the City Clerk of the City of Milwaukee, 200 West Wells Street, Room 205, Milwaukee Wisconsin, as attached to Common Council Resolution File Number 010322. The study is incorporated herein by reference. 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 2012 but could run to the year 2024. Should incremental revenues be generated in excess of those currently anticipated, they will be used to offset the public costs of Plan implementation.

5. "Map Showing Existing Uses and Conditions."

² Excluding capitalized interest, if any.

Please refer to Map No. 1, "Boundary and Existing Land Use," and Map No. 2, "Structure Condition," 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," and to Map No. 5, "Redevelopment Project Areas." The proposed project is consistent with the existing C9E (Major Retail) zoning, and the existing master plan, map, building codes, and other city ordinances; the project will not require amendments to their provisions.

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

The District's assistance is a small portion of the estimated \$18.5 million total cost of the project. However, as detail design of the complementary public improvements by the city and the developer proceeds, some additional costs may be identified and may be eligible for reimbursement through the TID.

Table "B"

List of Estimated Non-Project Costs

New Arcade Redevelopment	\$18,500,000
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9. "Proposed Method for Relocation."

This Plan does not anticipate the acquisition of property by the City of Milwaukee or by the Redevelopment Authority. 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 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 retail revitalization of West Wisconsin Avenue, particularly the Grand Avenue mall, is a catalytic project in the *Milwaukee Downtown Plan*, which was adopted as part of the comprehensive plan of the City of Milwaukee in July, 1999. District

creation is consistent with and will help implement the Redevelopment Plan for the Downtown Retail Center redevelopment project area (May 1978) adopted by the Redevelopment Authority pursuant to section 66.1333(5)1, Wisconsin Statutes. It will foster the preservation and adaptive reuse of a significant grouping of historic buildings which are eligible for listing on the National Register of Historic Places while renovating a blighted commercial area. Any renovation will be constructed in a manner consistent with *A Plan for Preserving the Historic Character of Milwaukee's Central Business District*, March 1996, a component of Milwaukee's Comprehensive Plan. It also will facilitate the location of new businesses in the District which is consistent with the objectives of Business Improvement District No. 21 (Downtown Management District), a business improvement district created by the city in 1997 pursuant to s. 66.1109, Wis. Stats.

11. "Opinion of the City Attorney."

Please refer to the letter of the City Attorney in the Exhibits Section.

EXHIBITS

<u>Exhibit</u>	<u>Title</u>
Exhibit 1	Boundary Description
Exhibit 2	Property Characteristics
Map 1	Boundary and Existing Land Use
Map 2	Structure Condition
Map 3	Proposed Uses and Proposed Improvements
Map 4	Existing Zoning
Map 5	Redevelopment Project Areas
Attachment 1	Assessment Commissioner's Letter (in preparation)
Attachment 2	City Attorney's Letter (in preparation)

EXHIBIT 1

BOUNDARY DESCRIPTION

The perimeter boundary of proposed Tax Increment District No. 46 as shown on Map 1, "Boundary and Existing Land Use", is more specifically described as:

Beginning at the intersection of the southern right-of-way line of West Wisconsin Avenue and the western right-of-way line of North Plankinton Avenue,

Thence south to the northern right-of-way line of West Michigan Street;

Thence west to the western lot line of Lot 2 in Certified Survey Map No. 3952 in the NE $\frac{1}{4}$ and SE $\frac{1}{4}$ of Section 29, T7N, R22E,

Thence north to the southern lot line of Parcel 2 in C.S.M. No. 4244, in the NE $\frac{1}{4}$ and SE $\frac{1}{4}$ of Section 29, T7N, R22E,

Thence west along the southern lot line to the western lot line of Parcel 2 in C.S.M. No. 4244,

Thence north along the western lot line to the southern right-of-way line of West Wisconsin Avenue,

Thence east to the centerline of the vacated north-south alley that is approximately 160 feet west of the intersection of North Second Street and West Wisconsin Avenue,

Thence south along the centerline of the vacated north-south alley to its intersection with the south line (extended) of lot 5 in block 70 of the plat of the Town of Milwaukee on the West Side of the River in the NE $\frac{1}{4}$ and SE $\frac{1}{4}$ of Section 29, T7N, R22E,

Thence east along the south line (extended) of lot 5 in block 70 to the west right-of-way line of North Second Street,

Thence north along the west right-of-way line of North Second Street to the south right-of-way line of West Wisconsin Avenue;

Thence east along the south right-of-way line of West Wisconsin Avenue to the point of beginning.

Note: Tax Increment District 46 is contained entirely within the boundaries of Tax Increment District 37.

EXHIBIT 2: PROPERTY CHARACTERISTICS, TID 46

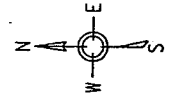
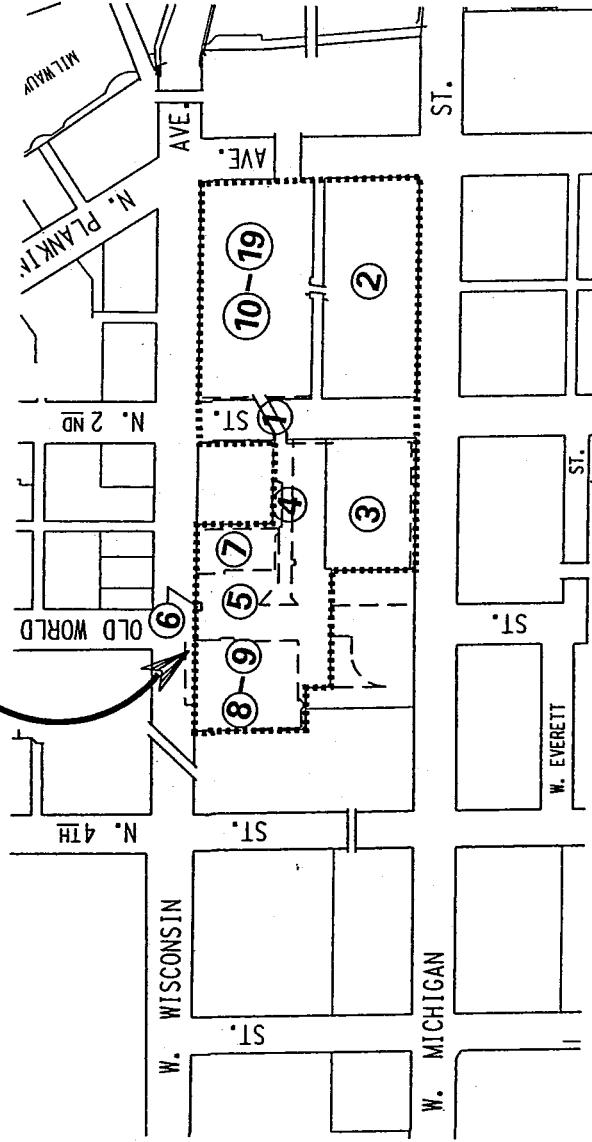
PARCEL NO.	TAXKEY	HNR	DIR	STREET	ST	OWNER NAME	2000 LAND	2000 IMPRV	LOT AREA	REHAB	NOTES
1	3610764120	627	N	2ND	ST	THE GRAND AVENUE CORP	\$0	\$0	1,396	1,396	
2	3610765110	176	W	MICHIGAN	ST	CITY OF MILWAUKEE	\$0	\$0	75,810		
3	3970132000	615	N	2ND	ST	CITY OF MILWAUKEE	\$0	\$0	42,849		
4	3970161100	629	N	2ND	ST	CITY OF MILWAUKEE	\$0	\$0	10,776	10,776	a
5	3970162110	275	W	WISCONSIN	AV	THE GRAND AVENUE CORP ET AL	\$3,143,100	\$2,398,535	62,869	62,869	b
6	3970163000	241	W	WISCONSIN	AV	CITY OF MILWAUKEE	\$0	\$0	124	124	a
7	3970173100	225	W	WISCONSIN	AV	FB PROPERTIES JOINT VENTURE	\$509,900	\$1,942,100	12,734	12,734	c
8	3970181100	321	W	WISCONSIN	AV	MILWAUKEE REDEVELOPMENT	\$632,800	\$393,200	15,804	15,804	d
9	3970185000	321	W	WISCONSIN	AV	MILWAUKEE REDEVELOPMENT	\$212,700	\$55,300	14,167	14,167	d
10	3970201000	161	W	WISCONSIN	AV	THE GRAND AVENUE CORP	\$514,000	\$53,300	9,345	9,345	e
11	3970202000	161	W	WISCONSIN	AV	THE GRAND AVENUE CORP	\$267,100	\$1,158,331	4,856	4,856	e
12	3970203000	161	W	WISCONSIN	AV	THE GRAND AVENUE CORP	\$0	\$0	7,879	7,879	e
13	3970204000	161	W	WISCONSIN	AV	THE GRAND AVENUE CORP	\$640,000	\$2,798,183	11,636	11,636	e
14	3970205000	161	W	WISCONSIN	AV	THE GRAND AVENUE CORP	\$619,800	\$2,724,198	11,269	11,269	e
15	3970206000	161	W	WISCONSIN	AV	THE GRAND AVENUE CORP	\$514,000	\$630,000	9,345	9,345	e
16	3970207000	161	W	WISCONSIN	AV	YOUNG MENS CHRISTIAN ASSN	\$0	\$0	9,345	9,345	e,f
17	3970208100	161	W	WISCONSIN	AV	GRAND AVENUE CORP	\$246,800	\$801,200	4,487	4,487	e
18	3970211110	161	W	WISCONSIN	AV	REGENTS OF THE UNIV. OF WIS.	\$0	\$0	20,615	20,615	e,g
19	3970212000	161	W	WISCONSIN	AV	YOUNG MENS CHRISTIAN ASSN	\$0	\$0	2,843	2,843	e,f
TOTAL:									328,149	209,490	
PERCENT "IN NEED OF REHABILITATION":										63.84%	

NOTES: SEE FOLLOWING PAGE.

EXHIBIT 2-A

391	392
398	397

TID BOUNDARY



MAP NO.	TID - 46
EXHIBIT 2-A	
PARCEL LOCATION	
DATE	

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EXHIBIT 2: PROPERTY CHARACTERISTICS, TID 46

NOTES TO EXHIBIT 2

This exhibit documents the findings that not less than 50% by area of the real property in the District is "in need of rehabilitation or conservation work" within the meaning of sec. 66.1337(3), Wisconsin Statutes. The exhibit also documents that not more than 25%, by area of the real property in the District is vacant within the meaning of sec. 66.1105(4)(gm)1, Wisconsin Statutes.

Calculation of Area:

The Grand Avenue Mall was created by connecting existing buildings with new buildings, atriums and walkways. To accommodate these new spaces and provide for coordinated management of the commercial areas, new parcels were created, existing parcels were modified, and special forms of ownership were established. The parcels as they now exist may not be obvious to the casual observer. For example, the Woolworth building (321 West Wisconsin Avenue) and the Majestic Building (225 West Wisconsin Avenue) are buildings that appear to be freestanding structures but have their lower floors incorporated into the mall physically and via common ownership through a condominium. Their upper floors are condominium units that are not part of the mall and are independently owned. For property tax purposes, the Assessment Commissioner has allocated the parcel area of the buildings' former sites to the condominiums in accord with their condominium declarations.

The calculation of property area in this exhibit is based on the City of Milwaukee's master property file (MPROP) and the descriptions of parcels provided on the plat pages prepared by the Office of the City Assessor. For additional information regarding specific parcels, refer to the detailed notes below and the accompanying parcel map.

Property "in need of rehabilitation and conservation work":

Parcels classified as "in need of rehabilitation or conservation work" are identified in the column titled "Rehab" on the accompanying table.

Properties were classified as "in need of rehabilitation or conservation work" if the structures on them require reinvestment to address age, physical deterioration, physical or economic obsolescence, or to continue them in or restore them to their intended use. Vacancy of a significant portion of a structure was considered to be evidence of obsolescence. It should be noted that industry standards call for major renovation of retail malls on a ten to twelve year cycle, and that this proposed renovation of the Grand Avenue mall, constructed in 1982, will be its first.

Parcels having a total area of 209,490 square feet are classified as "in need of rehabilitation or conservation work" in Exhibit 2. They comprise approximately 64% of the District.

EXHIBIT 2: PROPERTY CHARACTERISTICS, TID 46

Vacant Land:

There are no vacant parcels – parcels without buildings and other site improvements – in the proposed district. Three parcels, identified in the table and the notes below, have assessed values for the structural improvements on the parcel that are less than the assessed value of the land. However, these parcels have not been classified as vacant because calculations of the replacement cost of the existing improvements show the value of the improvements to exceed the value of the land.

Therefore, no property in the district is “vacant” within the meaning of sec. 66.1105(4)(gm)1, Wisconsin Statutes.

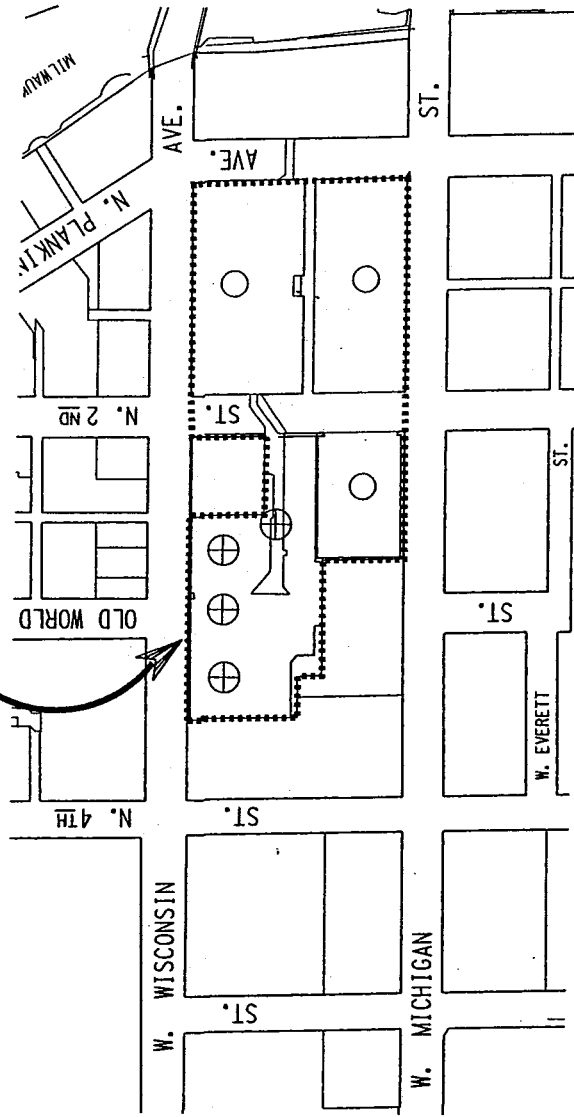
Detailed Notes:

The letters below refer to the letter codes in the “Notes” column in the accompanying table.

- a. These parcels are city-owned pedestrian rights-of-way.
- b. This property is the Grand Avenue Mall “New Arcade” parcel. It is not considered “vacant” based on replacement cost value calculations provided by the developer
- c. This property, the Majestic Building, is a condominium. The Grand Avenue Mall “New Arcade” parcel, tax key no. 397-0162-110, also extends into this building
- d. These two properties are condominium units within the Woolworth Building. They are not considered “vacant” based on replacement cost value calculations provided by the developer. The Grand Avenue Mall “New Arcade” parcel, tax key no. 397-0162-110, also extends into this building.
- e. These parcels are condominium units within the Plankinton Building. When their assessed values are combined, improvement values exceed land values. Therefore the properties are not considered vacant.
- f. This parcel, the offices and athletic facilities of the YMCA of Greater Milwaukee, is a tax-exempt condominium within the Plankinton Building.
- g. This parcel, the University of Wisconsin – Milwaukee Extension Center, is a tax-exempt condominium within the Plankinton Building.

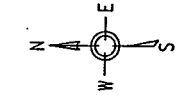
391	392
398	397

TID BOUNDARY



LEGEND

- STANDARD
- ⊕ MINOR DEFICIENCY
- ⊗ MAJOR DEFICIENCY
- SUBSTANDARD



MAP NO.	TID - 46
2	STRUCTURE CONDITION
DATE	

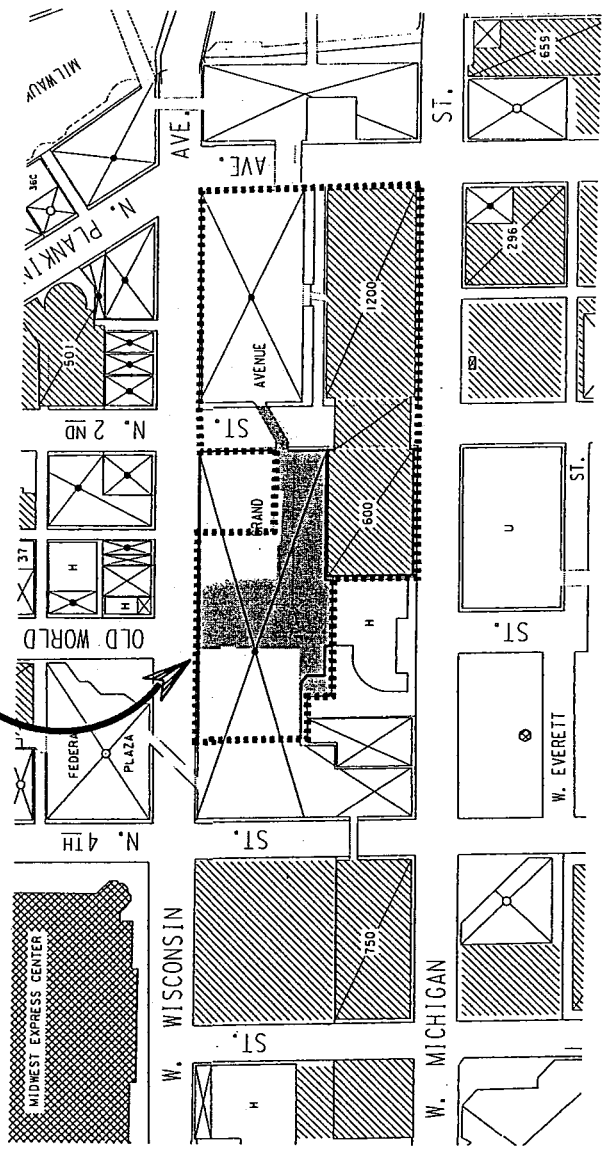
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PROJECT BOUNDARY

- CHURCH
- HOTEL / MOTEL
- ROOMING HOUSE
- POLICE STATION
- FIRE STATION
- HOSPITAL
- CONDOMINIUM
- UTILITY COMPANY
- STORAGE TANK
- PARK
- PUBLIC SCHOOL
- P.G.
- P.G.
- PLAYGROUND
- PARKING LOT
- PARKING STRUCTURE
- SINGLE OR DUPLEX RESIDENTIAL
- MULTI-FAMILY RESIDENTIAL
- MIXED COMMERCIAL / RESIDENTIAL
- COMMERCIAL OR LOCAL BUSINESS
- OFFICE / PROFESSIONAL SERVICES
- MIXED COMMERCIAL
- SKILLED CARE FACILITY
- VACANT PARCEL
- NON - PUBLIC EDUCATION
- PUBLIC BUILDING
- MANUFACTURING AND WAREHOUSING
- ACCESSORY BUILDING
- CENETERY
- TENNIS COURT
- BASKETBALL COURT
- DORMITORY

TID BOUNDARY



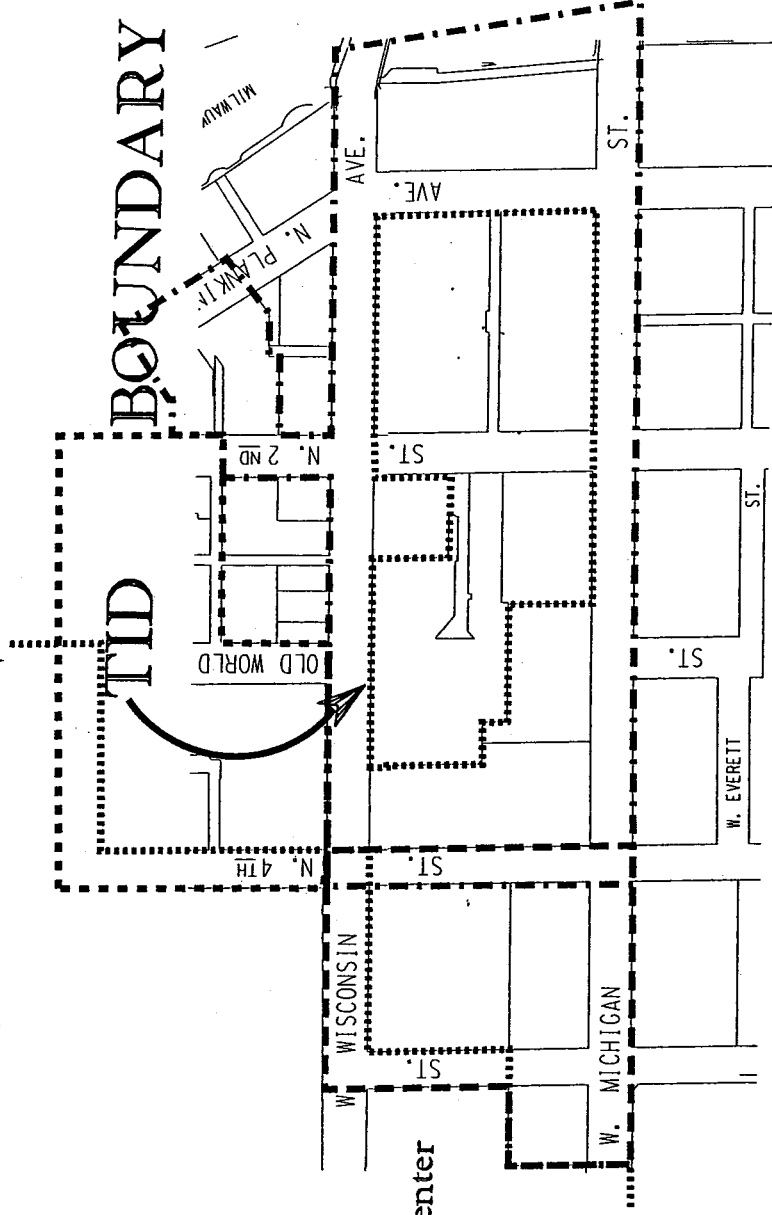
Renovation of New Arcade

MAP NO.	TID - 46
3	PROPOSED IMPROVEMENTS AND USES
DATE	

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BOUNDARY

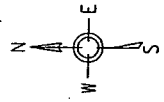


Wisc. Center

Wisconsin

Fifth & Wisc.

Downtown Retail Center



MAP NO.	TID - 46
5	REDEVELOPMENT PROJECT AREAS
DATE	

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**ECONOMIC FEASIBILITY STUDY
TAX INCREMENTAL DISTRICT NO. 46, CITY OF MILWAUKEE
July, 2001**

I. Overview

TID 46 is proposed to assist in the redevelopment of portions of the Grand Avenue shopping area. When it opened in August of 1982, the Grand Avenue was uniquely positioned to take advantage of the growing number of retail venues that were being developed. The Grand Avenue was able to use its newness and the national relationships of its owner/manager to introduce several national retailers to the Milwaukee market. This gave the Grand Avenue a competitive advantage over its rivals and produced above average sale levels for its 245,000 s.f. of in-line store space. As the popular retail venues began to introduce stores to other regional shopping malls, this competitive advantage disappeared. This along with the closing of one of two department store anchors caused sale levels the Grand Avenue to plummet resulting in a drop in assessed value to the in-line store area to approximately \$12.3 million. These fundamentals have created an environment that requires a significant overhaul of the mall's common areas, the introduction of new stores and a general repositioning of the Grand Avenue in the retail market of southeastern Wisconsin. The desire to have this area remain a major retail environment was clearly demonstrated when the community developed the Downtown Milwaukee Master plan and made the redevelopment of W. Wisconsin Avenue one of its top priorities.

Over the past several years a number of strategic investments have occurred in the area surrounding the Grand Avenue. This includes a 45% increase in the area's hotel room supply, significant increases in the downtown and surrounding area's residential populations and a substantial increase in the office space attached to the Grand Avenue. In addition the Boston Store (the Grand Avenue's remaining department store) recently agreed to a new ten year operating covenant.

The Grand Avenue's management has also gone through a strategic change that has resulted in a fresh perspective on how to program, market and operate this urban retail opportunity. A public/private partnership that allowed the Grand Avenue to achieve its initial success is once again forming to make this repositioned retail property a success. TID 46 will be used to assist in making a portion of the public contribution to this redevelopment effort.

II. Description of TID Improvements

The initial phase of the repositioning plan will need an \$18 million investment. These funds will be used for such activities as the complete overhaul of the New Arcade common areas, the moving of tenants from the Plankinton Arcade to the New Arcade and the improvement of tenant spaces in the New Arcade for new retailers. Significant improvements costing approximately \$1.235 million to the Grand Avenue's parking garage will also take place. Finally, numerous physical improvements to the entrance areas and to the development's signage will be undertaken. All of these improvements are being designed and implemented to once again position the Grand Avenue as a premier shopping area. The fresh, more modern appearance and store mix will more closely match what today's shoppers are looking for. When we couple these investments with the improvements in the area's hotels, office and residential market segments, the chances for the retail center to be successful is significantly enhanced. The budget and schematic design for the New Arcade treatments are contained in Exhibit "A".

III. Description of Developer's Financial Projections

A detailed description of the developer's financial projections is contained in Exhibit "B". A review of the operating revenues and expenses was conducted and they are within industry norms for this type of retail development. The financial returns that the New Arcade will generate are modest. When the Grand Avenue was first developed a number of Milwaukee area corporations invested in it. Virtually all the income that the shopping center generated was put back into the mall in the form of additional improvements and related expenses. Therefore the investors have not received any return on the initial \$14 million they invested in the New Arcade nor on the total of \$26 million they initially invested in the entire shopping center. The new investment in this project will be approximately \$13.6 million. The rate of return we estimate that this new capital will generate with the TID and other public investments is just below 8%. Although this is a below market rate of return, the developer is willing to move forward with this investment as a civic investment gesture. Without the public investment the rate of return would dip below 6%.

IV. Tax Incremental District Analysis

TID 46's anticipated performance is outlined in Exhibit "C". The base year for TID 46 will be 2001. Although there is the potential for some reduction in the assessment of some of the properties located in TID 46, we have used the current assessments in calculating the base year value.

The 2002 value has been adjusted to reflect the sale of the city owned parking deck to the shopping center owner resulting in an increase in taxable property by \$5.0 million. In addition, the district's assessed values for the Woolworth property and the Plankinton Arcade were reduced too more accurately reflect their current value.

Starting in 2003 the significant investment in the New Arcade will result in an increase in value for the New Arcade by almost \$4.7 million. Even though 2003 is an off year for reassessment, we believe that due to the significant activity at the New Arcade the assessor's office will make this adjustment. The balance of the district is kept at 2002 values. In 2004 due to an improving net operating environment, another \$500,000 of value in the New Arcade is created. The balance of the district is kept at 2002 levels. This results in a total district value of over \$29.5 million. No change in assessment is contemplated in 2005. Starting in 2006 the total district value is assumed to grow by 5% biannually.

Assuming a 2001 city borrowing of \$1, 092,000, which accounts for two years of capitalized interest payments (4.6%) and \$1,000,000 for TID project expenditures, the annual debt service starting in 2003 will be \$102,380. By 2009 there is sufficient surplus in the TID to pay the remaining debt service so the district can be closed out.

V. Joint Review Board Test

In this section we evaluate the 3 tests which the Joint Review Board must apply in determining whether or not to approve this amendment.

A. "But For"

The Joint Review Board must consider whether development would occur without the use of tax incremental financing. To evaluate this criterion, we look at whether this project would be feasible without TIF assistance. As was mentioned in a previous section of this analysis, the financial performance of the shopping center has been well below acceptable market levels. The end result is that there is no reasonable likelihood of any return on the original \$14 million invested in the New Arcade or the original \$26 million invested in the entire shopping center in the foreseeable future. Nevertheless the developers is prepared to invest another \$13.6 in private capital into the New Arcade portion of this retail center. The returns of 7 to 8% that we forecast for this investment is well below what a typical investor would require for this type of retail development. If the owner had to replace the TID grant with additional private capital the return would only be more diminished. We believe this project clearly meets the "but for" test.

B. Economic Benefits

The Joint Review Board is charged with determining whether the economic benefits are sufficient to justify the investment of public funds. This has been evaluated in several ways.

First, ability to retire TIF debt was considered. As structured the district will close in 2009, well short of its mandated termination date of 2024.

Second, there are significant benefits derived from the investment of over \$18 million dollars into the local economy. These benefits include employment opportunities in the construction trades.

Finally, considerable new job creation will take place in the numerous retail operations that will rent space in the project.

C. Impacts On Other Jurisdictions

The Joint Review Board must also consider whether the benefits outweigh the anticipated tax increments to be paid by the owners of the property in the overlying taxing districts. The current shopping center is clearly struggling with a high vacancy rate. Without this TID district, this pattern is likely to persist and values are likely to continue to fall. The owners of property in the overlying taxing jurisdictions would need to make up this shortfall. This TID preserves the base value in the district and the revenue stream this generates for all the applicable taxing jurisdictions. The owners of the property in the overlying taxing districts also will benefit when TID No. 46 is terminated and its incremental tax revenues can be used for general purposes.

In our opinion, the project clearly meets the Joint Review Board tests.

EXHIBIT A

GRAND ARCADE WORK BUDGET

I.	Hard Construction Costs	\$5,300,000
II.	Architectural and Engineering Costs	821,224
III.	Tenant Improvement Costs	5,472,393
IV.	Indirect Project Costs (marketing, legal, bonds, brokerage commissions, development fees, tenant concessions)	3,113,173
V.	Furniture, Furnishings and Equipment	250,000
VI.	Site Acquisition*	2,560,000
VII.	Contingency and Reimbursables	<u>1,148,908</u>
	TOTAL	\$18,665,698

* This expenditure will be excluded from the costs qualifying for reimbursement from the Grant.



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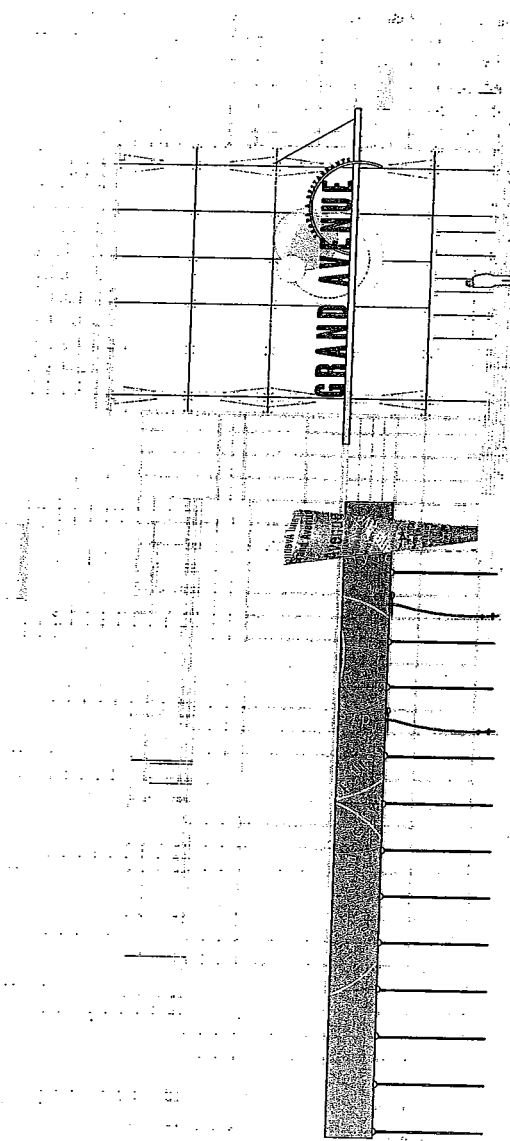
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BUILDING ELEVATION
MAIN ENTRY



1 ELEVATION: MAIN ENTRY
SCALE: 1/16"=1'-0"



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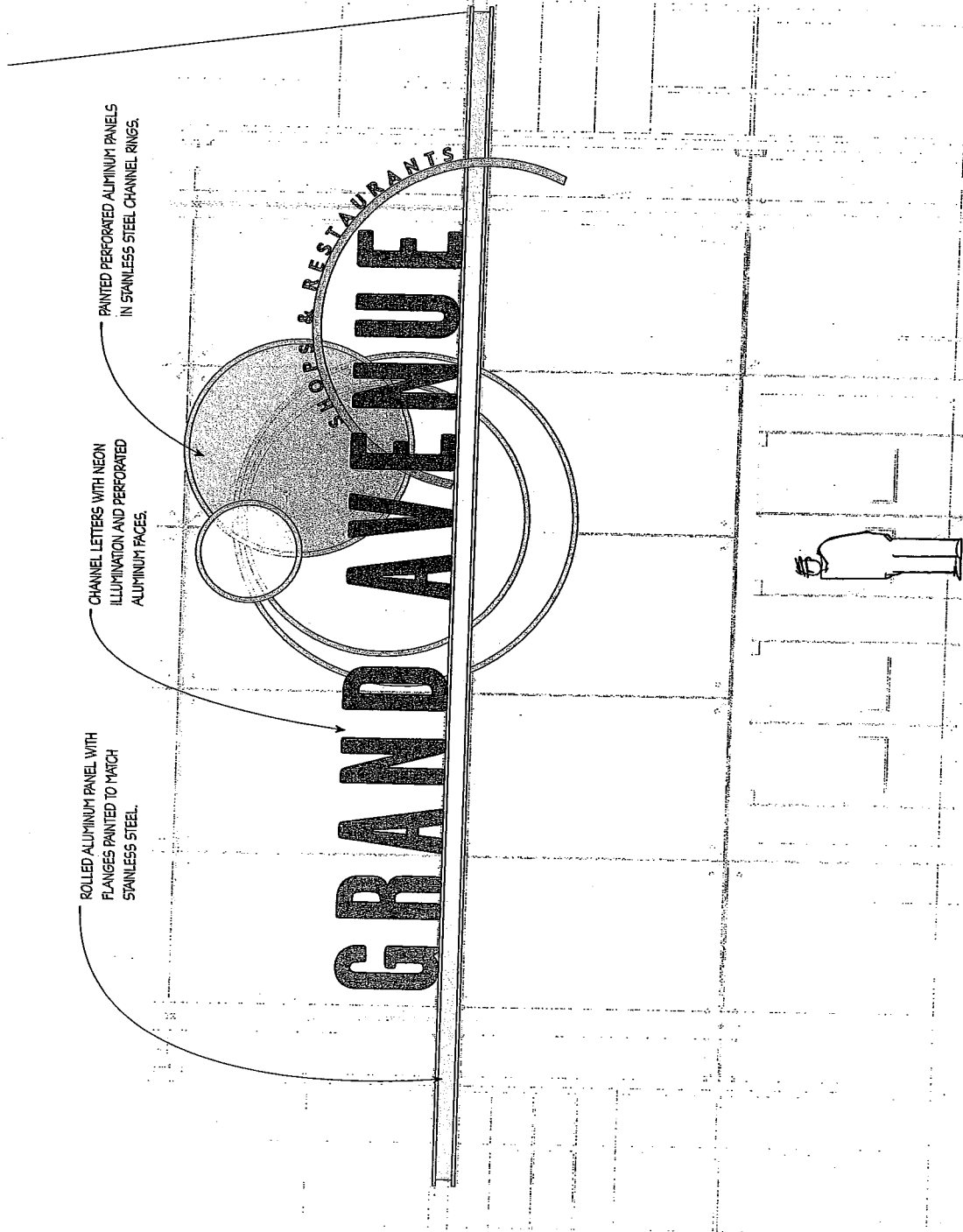
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1 ELEVATION: SIGN TYPE XA
SCALE: 1/4"=1'-0"



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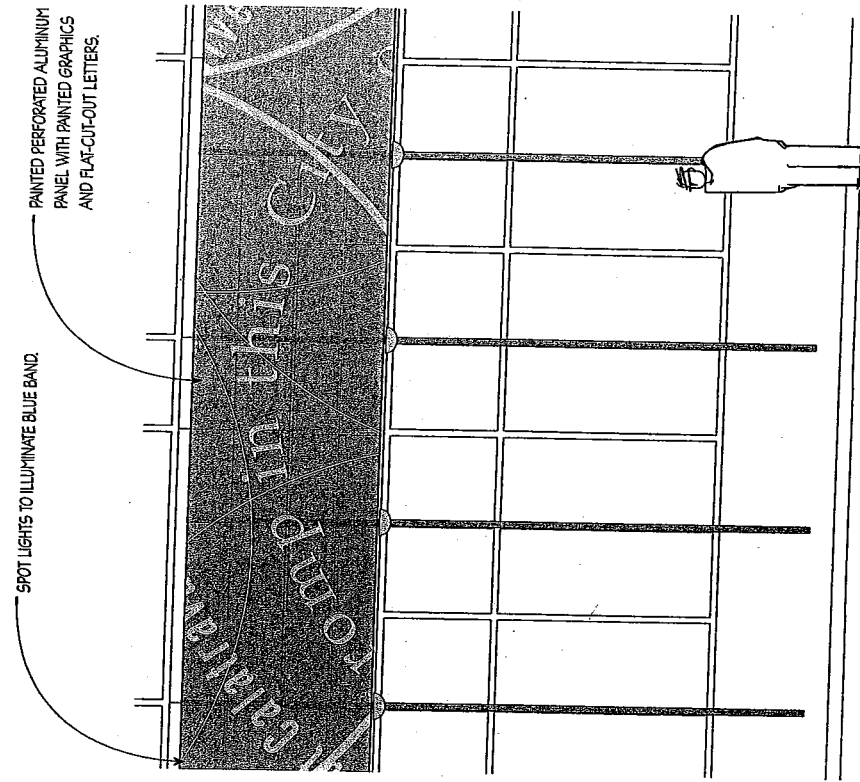
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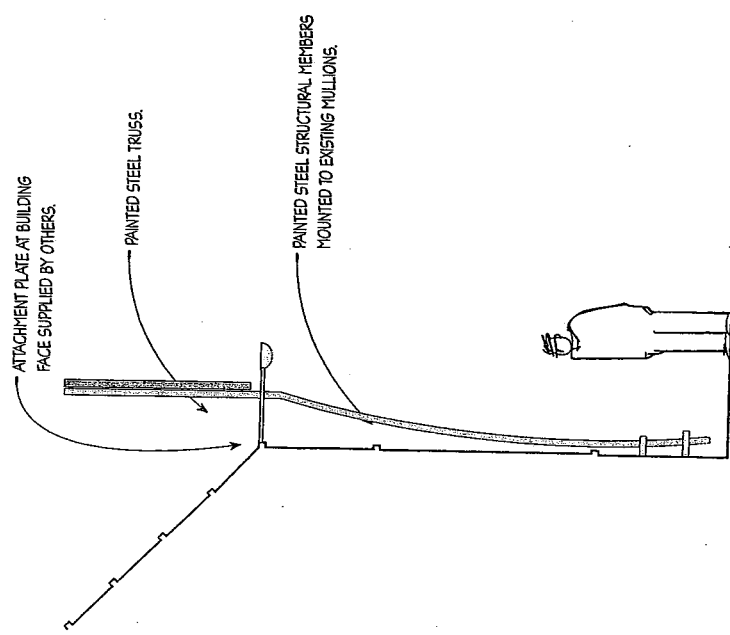
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SIGN BAND @ MAIN ENTRY

G.5



SPOT LIGHTS TO ILLUMINATE BLUE BAND

PAINTED PERFORATED ALUMINUM
PANEL WITH PAINTED GRAPHICS
AND FLAT-CUT-OUT LETTERS



ATTACHMENT PLATE AT BUILDING
FACE SUPPLIED BY OTHERS

PAINTED STEEL TRUSS

PAINTED STEEL STRUCTURAL MEMBERS
MOUNTED TO EXISTING MULLIONS

1 ELEVATION: SIGN TYPE XC
SCALE: 1/4"=1'-0"

2 ELEVATION: SIGN TYPE XC
SCALE: 1/4"=1'-0"



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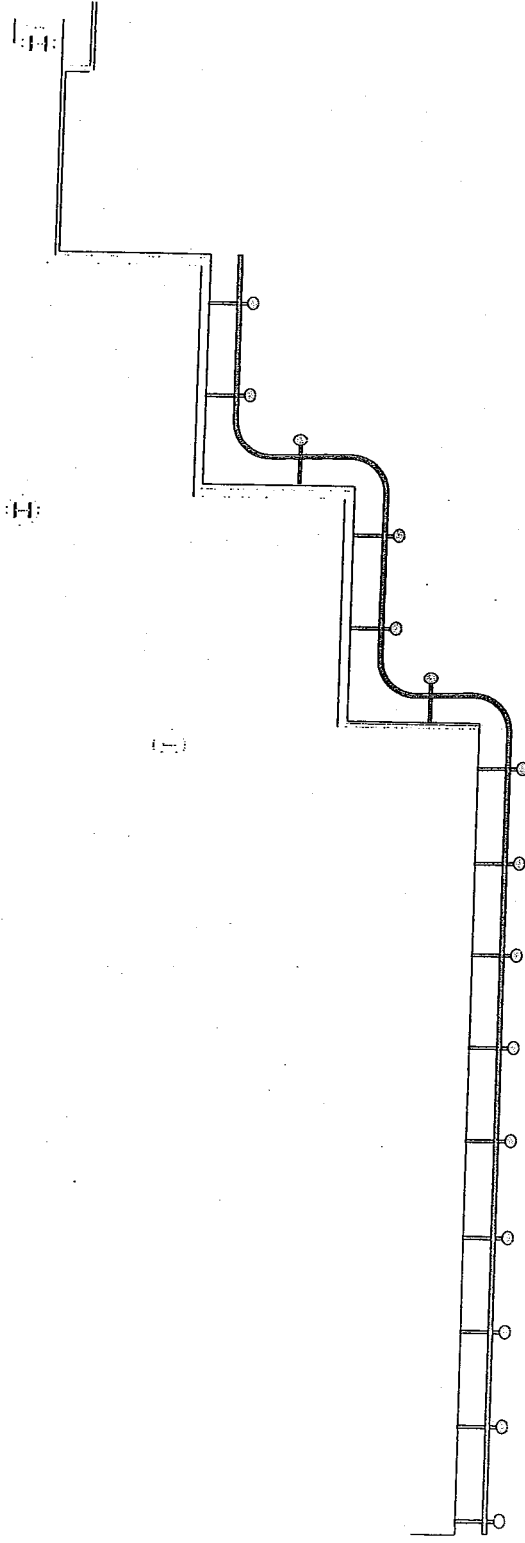
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1 PLAN: SIGN TYPE XC
SCALE: 1/8"=1'-0"



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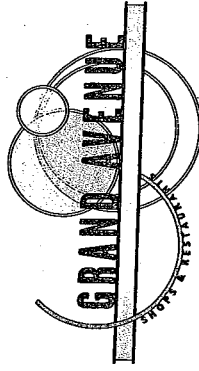
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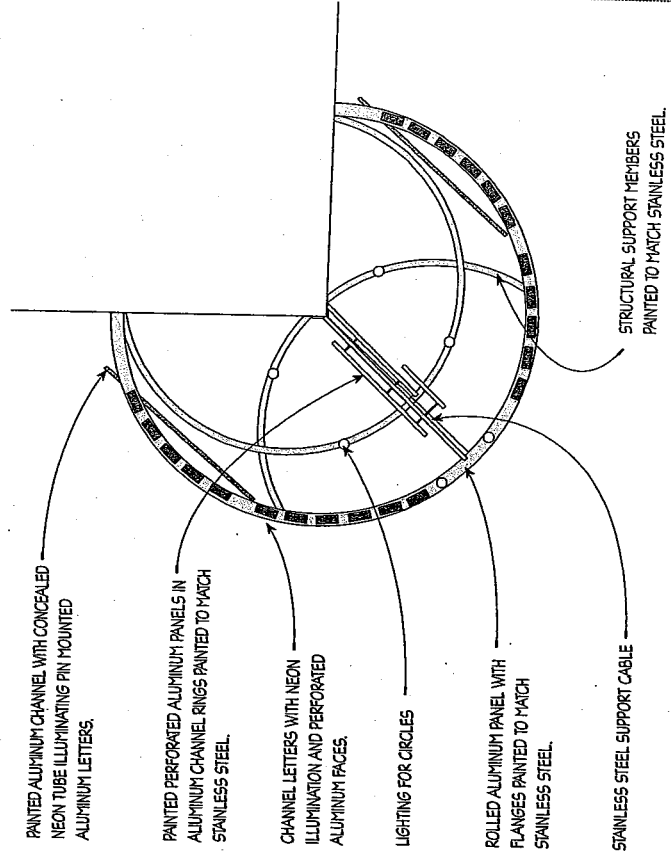
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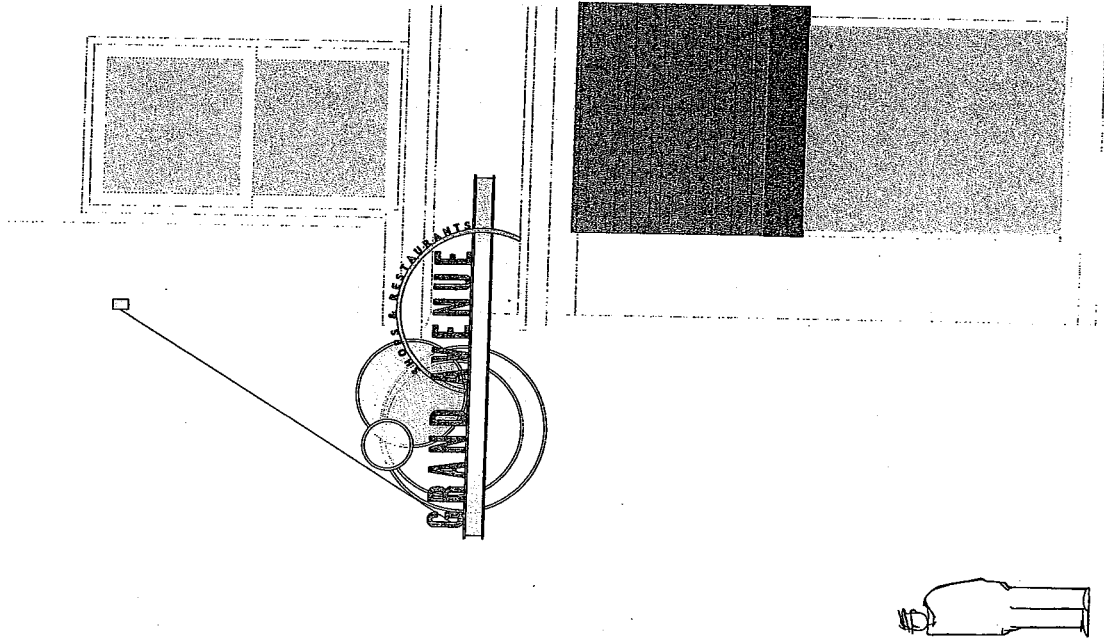
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3 PLAN VIEW: SIGN TYPE XH
SCALE: 1/4"=1'-0"



1 ELEVATION: SIGN TYPE XH
SCALE: 1/4"=1'-0"



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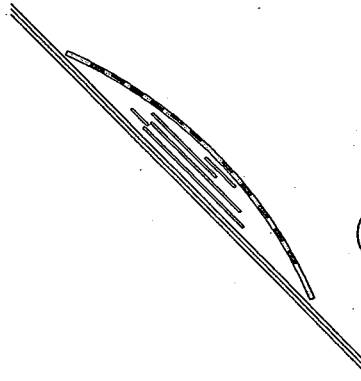
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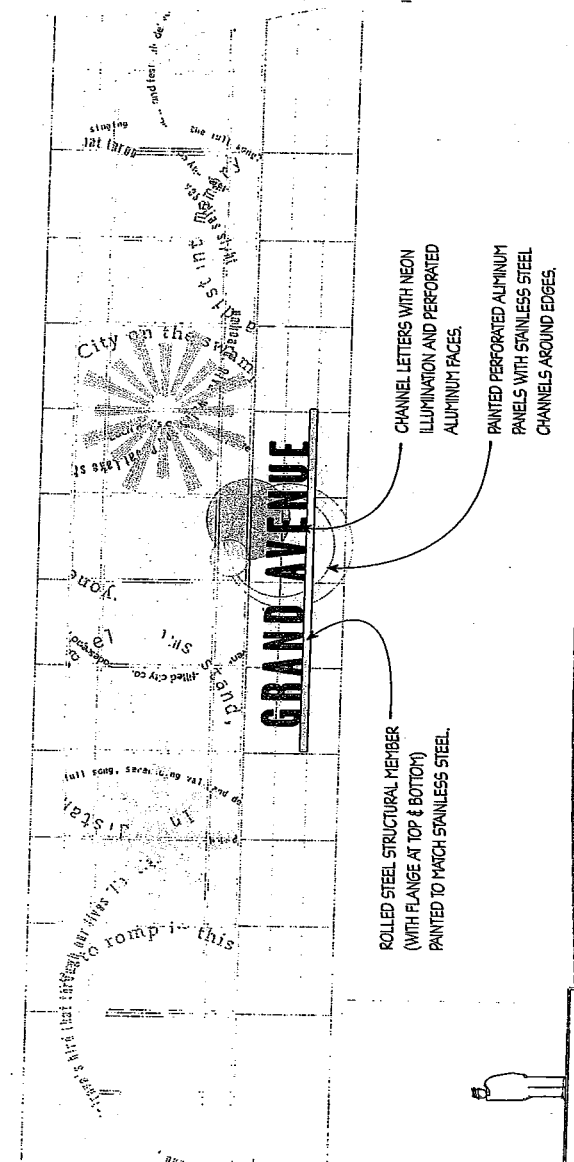
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1 ELEVATION: SIGN TYPE XI
SCALE: 1/8"=1'-0"



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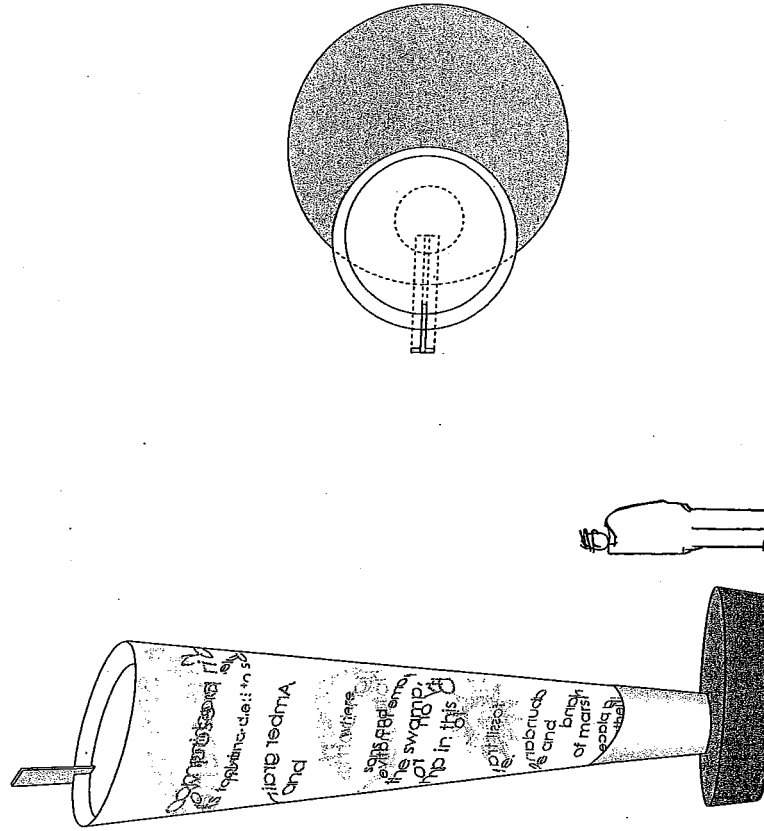
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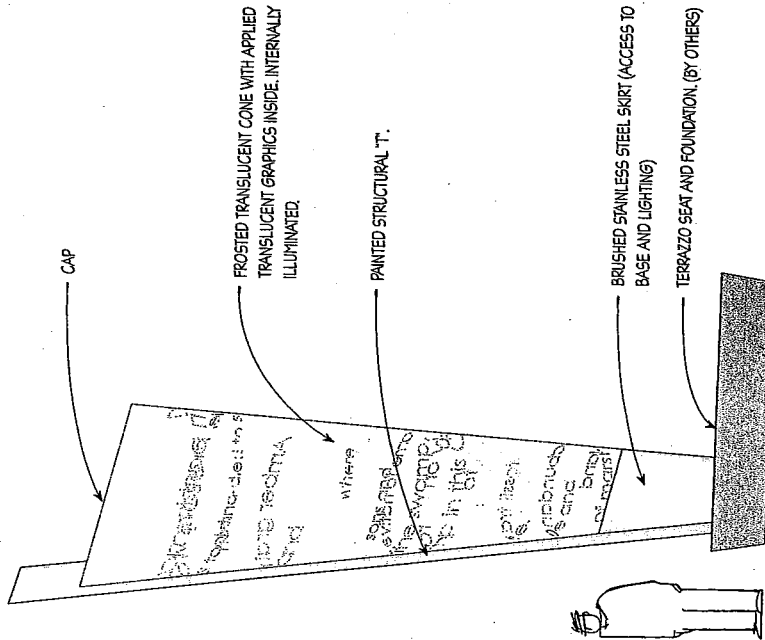
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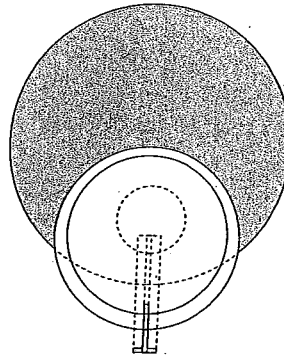


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SCALE: 1/4"=1'-0"

3 PLAN: SIGN TYPE BA
SCALE: 1/4"=1'-0"





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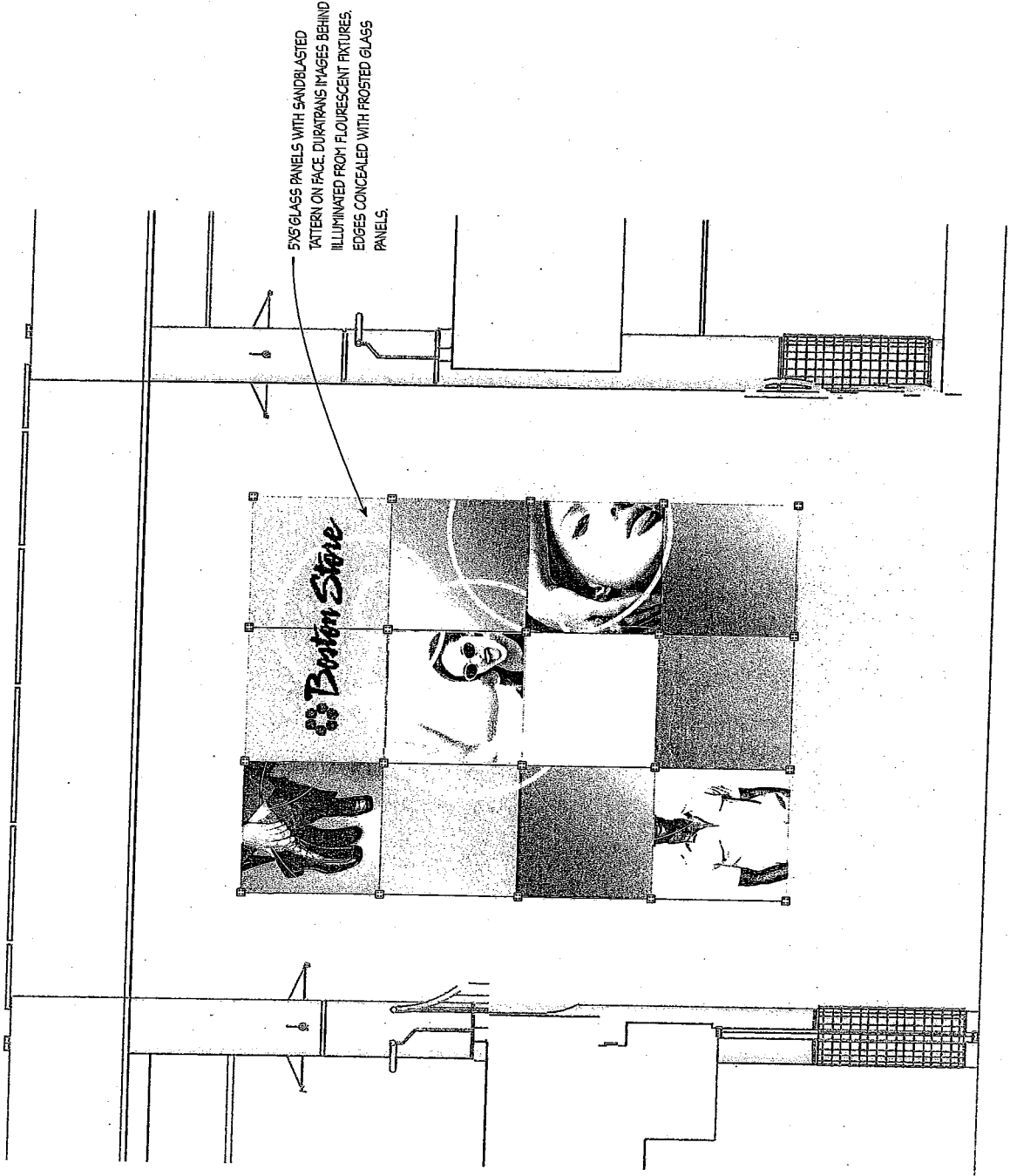
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1 ELEVATION: SIGN TYPE HA
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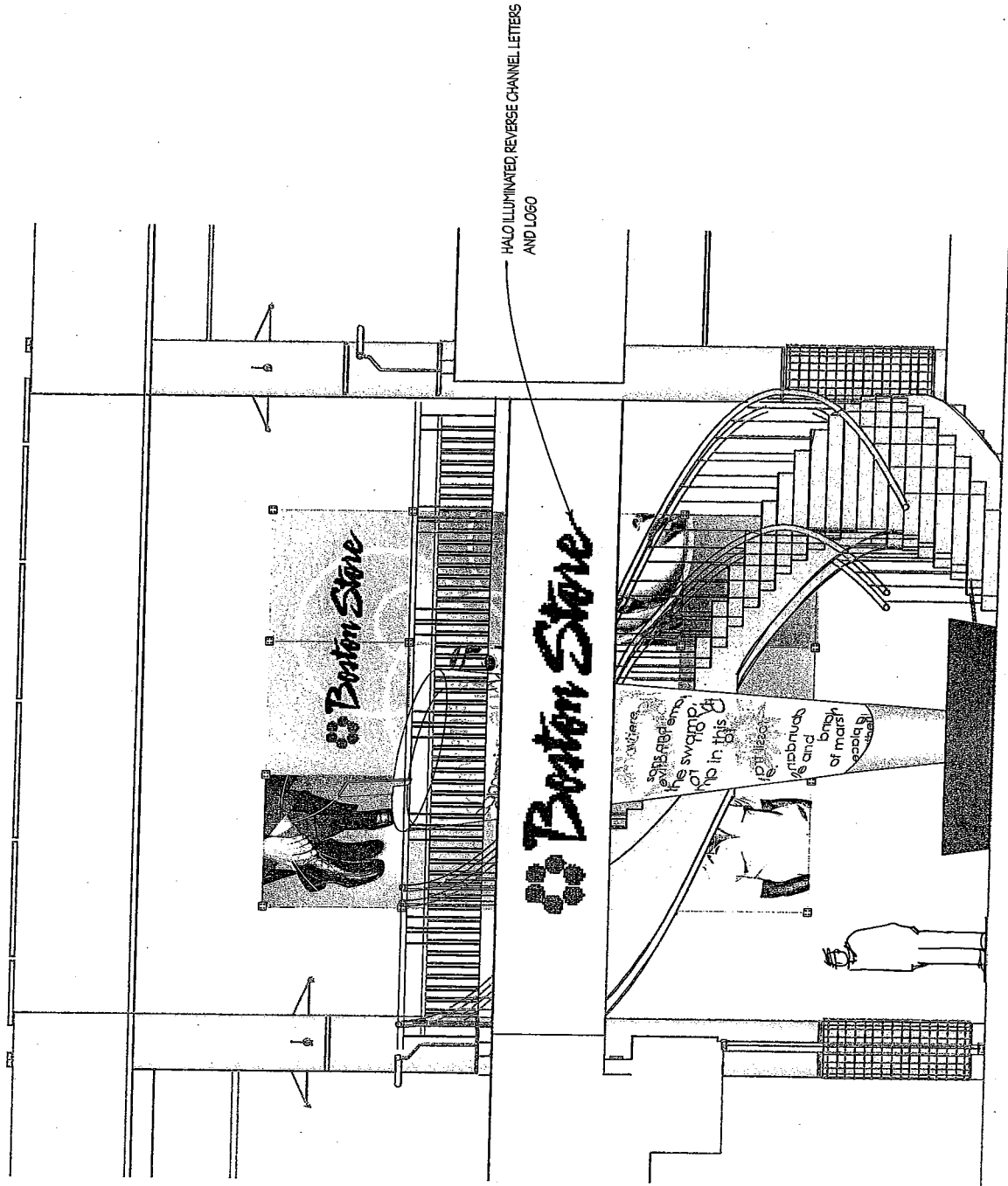
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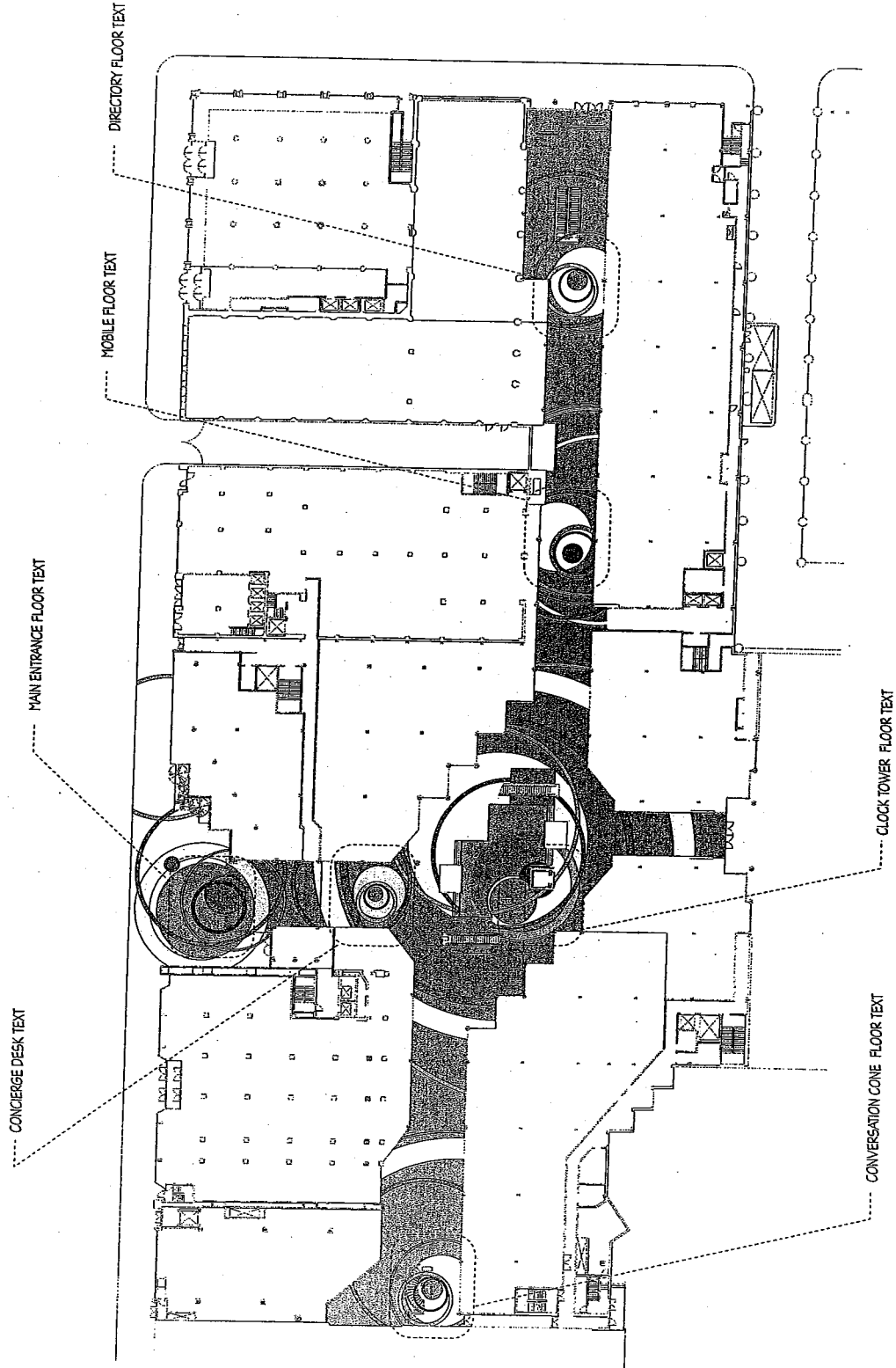
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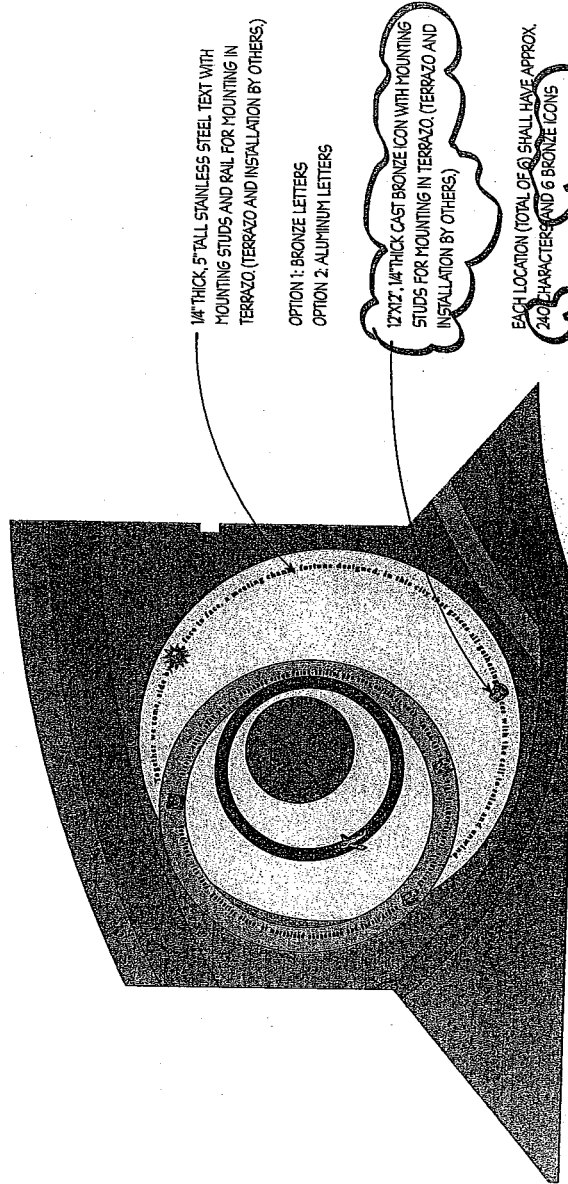
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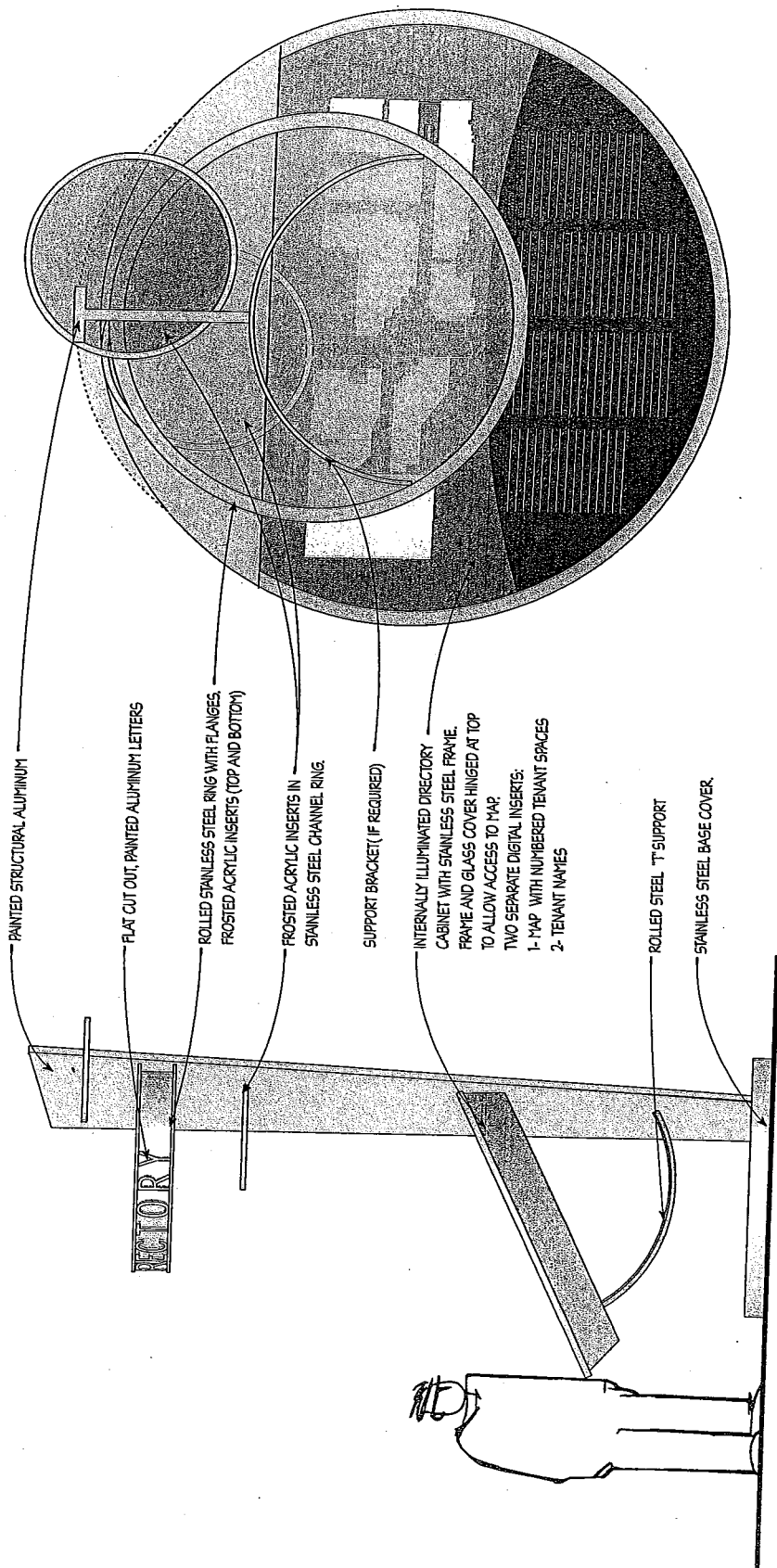
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DIRECTORY

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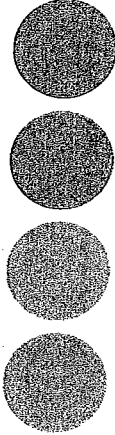
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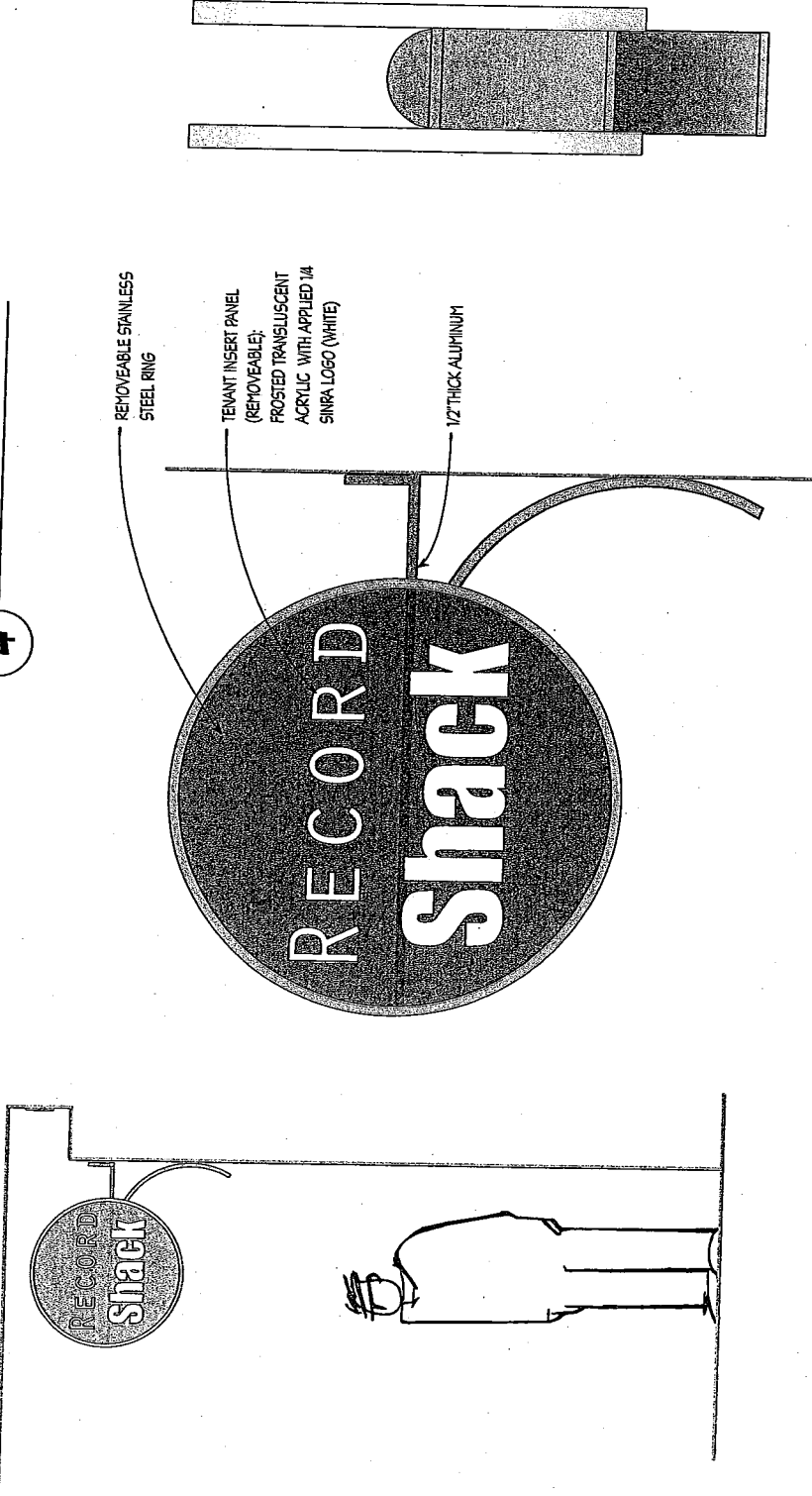
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4 STANDARD INSERT PANEL COLORS



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2 ELEVATION: SIGN TYPE SA
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3 SIDE VIEW: SIGN TYPE SA
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Grand Arcade 3 Year Proforma
7/18/2001

Grand Arcade Square Footage: 124,410

For the Years Ending	Year 1 Dec-2002	Year 2 Dec-2003	Year 3 Dec-2004
Revenue			
Base Rental Revenue	2,843,077	3,018,530	2,814,854
Absorption & Turnover Vacancy	(81,668)	(51,965)	(35,140)
Scheduled Base Rental Revenue	2,761,409	2,966,565	2,779,714
Retail Sales Percent Revenue	57,681	105,427	149,855
Expense Reimbursement Revenue	1,408,218	1,455,344	1,484,528
Gas Reimbursement	11,114	11,800	11,003
Light & Power Equip. Reimb.	1,334	1,416	1,321
Merchants Association Income	110,667	117,496	109,568
Marketing Income	80,450	85,415	79,651
Landlord Contribution Income	4,023	4,271	3,983
Sprinkler Reimbursement	13,525	14,359	13,391
HVAC Equip. Maint. Reimb.	87,419	92,814	86,551
Tenant HVAC Reimb.	67,695	71,873	67,023
Trash Removal Reimb.	39,704	42,154	39,310
Tenant Electricity Reimb.	381,427	404,966	377,640
Water Sewer Reimb.	18,732	19,888	18,546
Specialty Leasing Reimb.	58,445	62,051	57,864
JPB CAM	19,618	20,206	20,813
MF CAM	27,423	28,245	29,093
Interest Income	10,300	10,609	10,927
Total Revenue	5,159,182	5,514,900	5,340,782
Vacancy Allowance 6%	(309,551)	(330,894)	(320,447)
Collection Loss 4%	(206,367)	(220,596)	(213,631)
Total Net Revenue	4,643,264	4,963,410	4,806,704
Operating Expenses			
Janitorial	224,661	238,526	222,431
Security	338,326	348,475	358,930
Security Reimbursement	(126,424)	(134,225)	(125,169)
Landscaping	16,561	17,058	17,570
Mall Maintenance	123,645	131,275	122,417
Elevator & Escalator	39,868	41,064	42,296
Snow Removal	15,821	16,295	16,784
Roof Repairs	26,368	27,159	27,974
Trash Removal	4,423	4,696	4,379
Common Area Utilities	80,855	83,280	85,779
Personal Property Taxes	6,918	7,125	7,339
Common Area Insurance	13,055	13,447	13,850
Utilities	362,255	384,610	358,659
Administrative	270,278	278,387	286,738
Real Estate Taxes	166,000	322,000	334,880
Insurance	8,908	9,175	9,451
Trash	42,622	45,252	42,199
Picnic Expenses	96,718	99,619	102,608
HVAC	117,034	124,257	115,873
Management Fees	138,240	138,240	138,240
General Expenses	69,838	71,933	74,091

Marketing Expenses	84,475	89,688	83,636
Merchants Association Expenses	110,070	116,863	108,977
Landlord Contrib. - Mktg.	215,784	229,100	213,641
Landlord Contrib. - Merchants Assoc.	107,892	114,550	106,821
Total Operating Expenses	2,554,191	2,817,851	2,770,395
Net Operating Income	2,089,073	2,145,559	2,036,309
Leasing & Capital Costs			
Tenant Improvements (1)	870,870	870,870	870,870
Repair & Replacement Reserve	95,716	98,587	101,545
Leasing Commissions (1)	99,528	99,528	99,528
Total Leasing & Capital Costs	1,066,114	1,068,985	1,071,943
Cash Flow Before Debt Service	1,022,960	1,076,574	964,366
Annual Return on \$13,665,698 (2)	7.5%	8.3%	7.4%
Annual Return on \$18,665,698 (3)	5.5%	6.0%	5.4%
Annual Return on \$32,000,000 (4)	3.2%	3.4%	3.0%

Notes:

- (1) Tenant Improvements and Leasing Commissions are reflected as average annual costs, calculated as follows:
 $TI = \$35/sf \times 124,410 \text{ sf} \times 1/5$; $Comm = \$4.00/sf \times 124,410 \text{ sf} \times 1/5$.
- (2) \$13,665,698 is the total project budget of \$18,665,698 less the \$5,000,000 estimated value of the City's participation.
- (3) \$18,665,698 is the total project budget before City participation.
- (4) Following completion of these the Grand Arcade improvements, New Arcade, LLC and its affiliates will have approximately \$32,000,000 invested in the Grand Arcade with an average annual return of approximately 2.5%.
 New Arcade, LLC and its affiliates have an additional \$12,740,000 invested in the Plankinton Arcade at an equally low rate of return.

Grand Avenue
Base Rent

For the Years Ending

Year 1
Dec-2002

Year 2
Dec-2003

Year 3
Dec-2004

TENANT	BUILDING	SUITE			
1 Potato 2	New Arcade	3070			
Arbys	New Arcade	3100	28,472	28,472	28,472
Au Bon Pain	New Arcade	1390	89,752	50,342	60,410
Bakers Shoes	New Arcade	1365	38,290	38,290	38,290
Brew City Beer Gear	New Arcade	2075	23,400	19,012	22,750
Carlton Cards	New Arcade	2365	62,280	62,280	46,566
Celebrate Wisconsin	New Arcade	2395	19,621	26,180	26,180
Claire's Boutique	New Arcade	1360	30,319	13,475	13,475
Convenient Corner	New Arcade	1020	10,284	10,343	10,343
Day By Day Calendar	New Arcade	1047			
Deep South Snowshake	New Arcade	2025	2,333	2,800	2,800
European Gifts	New Arcade	2315	20,431	24,518	24,518
Euro-Room Boutique	New Arcade	1400	26,530	26,530	26,530
Fiesta Mexican Grill	New Arcade	3040	11,010	13,212	13,212
Footaction	New Arcade	1055	93,720	96,560	102,240
Footlocker	New Arcade	1340	205,146	159,018	61,898
Footlocker	New Arcade	w901	2,205	2,205	2,205
Gap	New Arcade	2400	124,442	124,442	124,442
General Nutrition	New Arcade	1330	32,751	32,751	24,412
Georgio's	New Arcade	1370	28,544	41,090	41,090
Giordano's	New Arcade	1040	132,091	132,091	132,091
Gold's Fruit Smoothie	New Arcade	2320	12,722	12,722	12,722
Gourmet Cajun Grill	New Arcade	3075	47,212	51,011	53,724
Grecian Garden	New Arcade	3055	20,855	11,610	11,610
J K Kids	New Arcade	2330	24,375	24,375	19,094
Jerry's Sub Shop	New Arcade	3065	31,444	17,505	17,505
Jua Kali African Import	New Arcade	9009	28,700	28,700	28,700
Kids Footlocker	New Arcade	1325	65,188	68,220	68,220
Lady Footlocker	New Arcade	2385	50,250	40,130	29,312
Lee Nails	New Arcade	2035	19,497	19,497	19,497
Lids	New Arcade	2370			
Matrix	New Arcade	2020	71,694	127,418	127,418
Mr. Dino's	New Arcade	2065	22,750	22,750	22,750
Murphy's On The Mall	New Arcade	3085	11,436	9,992	9,992
Original Cookie Co	New Arcade	2295	45,920	14,350	10,045
Panda Express	New Arcade	3060	84,998	89,998	89,998
Picture Us	New Arcade	2375			
Piercing Pagoda	New Arcade	2360	19,800	19,800	19,800
PNC Bank	New Arcade	3095	36,250	45,000	45,000
Precision Jewelers	New Arcade	1410	9,503	9,503	9,503
Radio Shack	New Arcade	2060	36,917	40,803	40,803
Radio Shack	New Arcade	w200	7,542	7,542	7,542
Rainbow	New Arcade	1060	45,908	47,112	57,715
Ritz Camera	New Arcade	2030	22,195	22,195	22,195
Rocky Rococo	New Arcade	3080	89,586	82,120	26,586
Rocky Rococo	New Arcade	w300			3,208
Sakkio Japan	New Arcade	3105	18,982	17,595	17,595
Sam Goody	New Arcade	1415	131,397	131,397	93,073
Showbiz	New Arcade	2390	31,010	31,010	31,010
Software, Etc.	New Arcade	1045	16,010	17,465	17,465
Sterling Optical	New Arcade	2305	29,431	21,245	21,245
Stone Jewelers	New Arcade	2300	18,812	18,812	18,812
Sunday's Appetizers	New Arcade	3045	11,357	11,357	11,357
Sunglass Hut	New Arcade	2015	36,769	36,769	25,578
Tape World	New Arcade	1355	46,865	21,480	23,432
Team Sports	New Arcade	1050	14,000	14,000	14,000
Time Square	New Arcade	2310	25,270	14,741	12,635
Trade Secret	New Arcade	2010	35,932	35,932	37,544
TSR Wireless	New Arcade	1010	21,750	21,750	21,750
Underground Station	New Arcade	1405	44,130	47,807	51,485
Vacant - sp1320	New Arcade	1320	32,093	96,278	96,278
Vacant - sp2005	New Arcade	2005	32,003	96,008	96,008
Vacant - sp2040	New Arcade	2040	9,255	27,765	27,765
Vacant - sp2045	New Arcade	2045	32,078	96,233	96,233
Vacant - sp2050	New Arcade	2050	11,498	34,493	34,493
Vacant - sp2070	New Arcade	2070	59,494	71,393	71,393
Vacant - sp2335	New Arcade	2335	18,244	21,893	21,893
Vacant - sp2340	New Arcade	2340	14,963	14,963	14,963
Vacant - sp3035	New Arcade	3035	14,665	14,665	14,665
Vacant - sp3110	New Arcade	3110	10,688	12,825	12,825
Vacant - sp3050	New Arcade	3050	9,675	11,610	11,610
Villa Pizza	New Arcade	3115	30,401	15,544	17,348
Walgreen's	New Arcade	1065	123,291	135,555	135,555
Wilson's Leather	New Arcade	2380			
Space 1047 (old Day by	New Arcade	Mo 27	22,500	27,000	27,000
Space 1180 (old Finish	New Arcade	Mo 27	77,438	92,925	92,925
Space W901 (old Footloc	New Arcade	Mo 27	1,575	1,890	1,890
Space 2375 (old Picture	New Arcade	Mo 27	15,731	18,878	18,878
Space W200 (old Radio s	New Arcade	Mo 27	5,388	6,465	6,465
Space 3070 (old 1 potat	New Arcade	Mo 27	12,525	15,030	15,030
Space 2370 (old Lids)	New Arcade	Mo 27	10,556	12,668	12,668
Space 2380 (old Wilsons	New Arcade	Mo 27	30,938	37,125	37,125

TOTAL AMOUNT PER YEAR

2,843,077 3,018,530 2,814,854

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Grand Avenue
Expense Reimbursement Revenue

For the Years Ending			Year 1 Dec-2002	Year 2 Dec-2003	Year 3 Dec-2004
TENANT	BUILDING	SUITE			
1 Potato 2	New Arcade	3070			
Arbys	New Arcade	3100	19,731	18,124	18,580
Au Bon Pain	New Arcade	1390	41,863	32,045	39,421
Bakers Shoes	New Arcade	1365	26,535	24,373	24,986
Brew City Beer Gear	New Arcade	2075	15,765	12,068	14,845
Carlton Cards	New Arcade	2365	20,980	19,271	16,463
Celebrate Wisconsin	New Arcade	2395	15,119	16,665	17,084
Claire's Boutique	New Arcade	1360	7,782	8,577	8,793
Convenient Corner	New Arcade	1020	5,973	6,583	6,749
Day By Day Calendar	New Arcade	1047			
Deep South Snowshake	New Arcade	2025	1,616	1,783	1,827
European Gifts	New Arcade	2315	14,158	15,607	15,999
Euro-Room Boutique	New Arcade	1400	18,385	16,888	17,311
Fiesta Mexican Grill	New Arcade	3040	7,630	8,410	8,622
Footaction	New Arcade	1055	44,555	45,892	47,268
Footlocker	New Arcade	1340	42,895	32,834	40,391
Footlocker	New Arcade	w901	1,528	1,404	1,440
Gap	New Arcade	2400	86,236	79,214	81,204
General Nutrition	New Arcade	1330	14,709	13,512	11,543
Georgio's	New Arcade	1370	23,728	26,156	26,813
Giordano's	New Arcade	1040	51,673	47,466	48,659
Gold's Fruit Smoothie	New Arcade	2320	8,816	8,098	8,302
Gourmet Cajun Grill	New Arcade	3075	22,529	22,104	22,723
Grecian Garden	New Arcade	3055	10,564	5,748	5,893
J K Kids	New Arcade	2330	11,824	10,861	9,278
Jerry's Sub Shop	New Arcade	3065	15,927	8,667	8,885
Jua Kali African Import	New Arcade	9009	19,888	18,269	18,728
Kids Footlocker	New Arcade	1325	27,578	25,331	25,968
Lady Footlocker	New Arcade	2385	20,313	15,549	19,127
Lee Nails	New Arcade	2035	5,881	5,403	5,539
Lids	New Arcade	2370			
Matrix	New Arcade	2020	73,582	81,107	83,145
Mr. Dino's	New Arcade	2065	15,765	14,481	14,845
Murphy's On The Mall	New Arcade	3085	5,770	6,361	6,520
Original Cookie Co	New Arcade	2295	6,961	5,328	6,554
Panda Express	New Arcade	3060	27,815	27,291	28,055
Picture Us	New Arcade	2375			
Piercing Pagoda	New Arcade	2360	5,336	4,901	5,024
PNC Bank	New Arcade	3095	109	101	103
Precision Jewelers	New Arcade	1410	6,585	6,049	6,201
Radio Shack	New Arcade	2060	23,562	21,644	22,188
Radio Shack	New Arcade	w200	5,227	4,802	4,922
Rainbow	New Arcade	1060	39,996	30,615	37,662
Ritz Camera	New Arcade	2030	10,093	10,396	10,708
Rocky Rococo	New Arcade	3080	35,675	32,086	13,493
Rocky Rococo	New Arcade	w300			2,094
Sakkio Japan	New Arcade	3105	14,995	8,711	8,930
Sam Goody	New Arcade	1415	75,880	69,700	59,543
Showbiz	New Arcade	2390	21,489	19,740	20,236
Software, Etc.	New Arcade	1045	10,085	11,118	11,396
Sterling Optical	New Arcade	2305	12,269	13,524	13,864
Stone Jewelers	New Arcade	2300	13,036	11,976	12,276
Sunday's Appetizers	New Arcade	3045	7,871	7,230	7,411
Sunglass Hut	New Arcade	2015	11,448	10,516	8,983
Tape World	New Arcade	1355	16,238	12,430	15,291
Team Sports	New Arcade	1050	9,702	8,912	9,135
Time Square	New Arcade	2310	8,755	6,702	8,245
Trade Secret	New Arcade	2010	16,759	15,395	15,781
TSR Wireless	New Arcade	1010	5,276	4,846	4,967
Underground Station	New Arcade	1405	17,839	16,387	16,798
Vacant - sp1320	New Arcade	1320	17,297	47,667	48,864
Vacant - sp2005	New Arcade	2005	17,249	47,533	48,727
Vacant - sp2040	New Arcade	2040	4,988	13,746	14,092
Vacant - sp2045	New Arcade	2045	17,289	47,644	48,842
Vacant - sp2050	New Arcade	2050	6,197	17,077	17,506
Vacant - sp2070	New Arcade	2070	32,066	35,345	36,234
Vacant - sp2335	New Arcade	2335	9,833	10,838	11,110
Vacant - sp2340	New Arcade	2340	10,369	9,525	9,764
Vacant - sp3035	New Arcade	3035	10,163	9,335	9,569
Vacant - sp3110	New Arcade	3110	5,761	6,350	6,509
Vacant - sp3050	New Arcade	3050	5,215	5,748	5,893
Villa Pizza	New Arcade	3115	21,338	8,186	8,804
Walgreen's	New Arcade	1065	56,695	86,287	88,456
Wilsons Leather	New Arcade	2380			
Space 1047 (old Day by	New Arcade	Mo 27	12,127	13,368	13,703
Space 1180 (old Finish	New Arcade	Mo 27	41,738	46,006	47,163
Space W901 (old Footloc	New Arcade	Mo 27			
Space 2375 (old Picture	New Arcade	Mo 27	8,479	9,346	9,581
Space W200 (old Radio s	New Arcade	Mo 27			
Space 3070 (old 1 polat	New Arcade	Mo 27	6,751	7,441	7,628
Space 2370 (old Lids)	New Arcade	Mo 27	5,689	6,271	6,429
Space 2380 (old Wilsons	New Arcade	Mo 27	16,675	18,380	18,843
Total New Arcade			1,408,218	1,455,344	1,484,528

Grand Avenue
Absorption & Turnover Vacancy

For the Years Ending			Year 1 Dec-2002	Year 2 Dec-2003	Year 3 Dec-2004
TENANT	BUILDING	SUITE			
1 Potato 2	New Arcade	3070			
Arbys	New Arcade	3100			
Au Bon Pain	New Arcade	1390		10,068	
Bakers Shoes	New Arcade	1365			
Brew City Beer Gear	New Arcade	2075		3,792	
Carlton Cards	New Arcade	2365			5,046
Celebrate Wisconsin	New Arcade	2395	4,363		
Claire's Boutique	New Arcade	1360	2,246		
Convenient Corner	New Arcade	1020	1,724		
Day By Day Calendar	New Arcade	1047			
Deep South Snowshake	New Arcade	2025	467		
European Gifts	New Arcade	2315	4,086		
Euro-Room Boutique	New Arcade	1400			
Fiesta Mexican Grill	New Arcade	3040	2,202		
Footaction	New Arcade	1055			
Footlocker	New Arcade	1340		10,316	
Footlocker	New Arcade	w901			
Gap	New Arcade	2400			
General Nutrition	New Arcade	1330			3,538
Georgio's	New Arcade	1370	6,848		
Giordano's	New Arcade	1040			
Gold's Fruit Smoothie	New Arcade	2320			
Gourmet Cajun Grill	New Arcade	3075			
Grecian Garden	New Arcade	3055	1,935		
J K Kids	New Arcade	2330			2,844
Jerry's Sub Shop	New Arcade	3065	2,918		
Jua Kali African Import	New Arcade	9009			
Kids Footlocker	New Arcade	1325			
Lady Footlocker	New Arcade	2385		4,885	
Lee Nails	New Arcade	2035			
Lids	New Arcade	2370			
Matrix	New Arcade	2020	21,236		
Mr. Dino's	New Arcade	2065			
Murphy's On The Mall	New Arcade	3085	1,665		
Original Cookie Co	New Arcade	2295		1,674	
Panda Express	New Arcade	3060			
Picture Us	New Arcade	2375			
Piercing Pagoda	New Arcade	2360			
PNC Bank	New Arcade	3095			
Precision Jewelers	New Arcade	1410			
Radio Shack	New Arcade	2060			
Radio Shack	New Arcade	w200			
Rainbow	New Arcade	1060		9,619	
Ritz Camera	New Arcade	2030			
Rocky Rococo	New Arcade	3080		2,417	2,417
Rocky Rococo	New Arcade	w300		292	292
Sakkio Japan	New Arcade	3105	2,933		
Sam Goody	New Arcade	1415			18,250
Showbiz	New Arcade	2390			
Software, Etc.	New Arcade	1045	2,911		
Sterling Optical	New Arcade	2305	3,541		
Stone Jewelers	New Arcade	2300			
Sunday's Appetizers	New Arcade	3045			
Sunglass Hut	New Arcade	2015			2,753
Tape World	New Arcade	1355		3,905	
Team Sports	New Arcade	1050			
Time Square	New Arcade	2310		2,106	
Trade Secret	New Arcade	2010			
TSR Wireless	New Arcade	1010			
Underground Station	New Arcade	1405			
Vacant - sp1320	New Arcade	1320			
Vacant - sp2005	New Arcade	2005			
Vacant - sp2040	New Arcade	2040			
Vacant - sp2045	New Arcade	2045			
Vacant - sp2050	New Arcade	2050			
Vacant - sp2070	New Arcade	2070			
Vacant - sp2335	New Arcade	2335			
Vacant - sp2340	New Arcade	2340			
Vacant - sp3035	New Arcade	3035			
Vacant - sp3110	New Arcade	3110			
Vacant - sp3050	New Arcade	3050			
Villa Pizza	New Arcade	3115		2,891	
Walgreen's	New Arcade	1065	22,593		
Wilsons Leather	New Arcade	2380			
Space 1047 (old Day by	New Arcade	Mo 27			
Space 1180 (old Finish	New Arcade	Mo 27			
Space W901 (old Footloc	New Arcade	Mo 27			
Space 2375 (old Picture	New Arcade	Mo 27			
Space W200 (old Radio s	New Arcade	Mo 27			
Space 3070 (old 1 potat	New Arcade	Mo 27			
Space 2370 (old Lids)	New Arcade	Mo 27			
Space 2380 (old Wilsons	New Arcade	Mo 27			
Totals New Arcade			81,668	51,965	35,140

Grand Avenue
Sales Percent Revenue

For the Years Ending			Year 1 Dec-2002	Year 2 Dec-2003	Year 3 Dec-2004
TENANT	BUILDING	SUITE			
1 Potato 2	New Arcade	3070			
Arbys	New Arcade	3100			
Au Bon Pain	New Arcade	1390			
Bakers Shoes	New Arcade	1365			
Brew City Beer Gear	New Arcade	2075			
Carlton Cards	New Arcade	2365			
Celebrate Wisconsin	New Arcade	2395	2,848	783	783
Claire's Boutique	New Arcade	1360	1,197	4,788	4,788
Convenient Corner	New Arcade	1020			
Day By Day Calendar	New Arcade	1047			
Deep South Snowshake	New Arcade	2025	1,266	1,519	1,519
European Gifts	New Arcade	2315			
Euro-Room Boutique	New Arcade	1400			
Fiesta Mexican Grill	New Arcade	3040			
Footaction	New Arcade	1055			
Footlocker	New Arcade	1340		794	9,529
Footlocker	New Arcade	w901			
Gap	New Arcade	2400			
General Nutrition	New Arcade	1330			180
Georgio's	New Arcade	1370			
Giordano's	New Arcade	1040			
Gold's Fruit Smoothie	New Arcade	2320			
Gourmet Cajun Grill	New Arcade	3075			
Grecian Garden	New Arcade	3055	1,414	8,484	8,484
J K Kids	New Arcade	2330			
Jerry's Sub Shop	New Arcade	3065	2,009	12,056	12,056
Jua Kali African Import	New Arcade	9009			
Kids Footlocker	New Arcade	1325			
Lady Footlocker	New Arcade	2385		488	5,857
Lee Nails	New Arcade	2035			
Lids	New Arcade	2370			
Matrix	New Arcade	2020			
Mr. Dino's	New Arcade	2065			
Murphy's On The Mall	New Arcade	3085	324	555	555
Original Cookie Co	New Arcade	2295		7,568	11,352
Panda Express	New Arcade	3060			
Picture Us	New Arcade	2375			
Piercing Pagoda	New Arcade	2360	3,440	3,440	3,440
PNC Bank	New Arcade	3095			
Precision Jewelers	New Arcade	1410	1,311	1,311	1,311
Radio Shack	New Arcade	2060			
Radio Shack	New Arcade	w200			
Rainbow	New Arcade	1060	11,728	977	
Ritz Camera	New Arcade	2030			
Rocky Rococo	New Arcade	3080			23,533
Rocky Rococo	New Arcade	w300			
Sakkio Japan	New Arcade	3105	1,682	6,728	6,728
Sam Goody	New Arcade	1415			
Showbiz	New Arcade	2390			
Software, Etc.	New Arcade	1045	13,577	18,039	18,039
Sterling Optical	New Arcade	2305	2,518	15,108	15,108
Stone Jewelers	New Arcade	2300	14,367	14,367	14,367
Sunday's Appetizers	New Arcade	3045			
Sunglass Hut	New Arcade	2015			
Tape World	New Arcade	1355		2,222	2,962
Team Sports	New Arcade	1050			
Time Square	New Arcade	2310		1,496	2,991
Trade Secret	New Arcade	2010			
TSR Wireless	New Arcade	1010			
Underground Station	New Arcade	1405			
Vacant - sp1320	New Arcade	1320			
Vacant - sp2005	New Arcade	2005			
Vacant - sp2040	New Arcade	2040			
Vacant - sp2045	New Arcade	2045			
Vacant - sp2050	New Arcade	2050			
Vacant - sp2070	New Arcade	2070			
Vacant - sp2335	New Arcade	2335			
Vacant - sp2340	New Arcade	2340			
Vacant - sp3035	New Arcade	3035			
Vacant - sp3110	New Arcade	3110			
Vacant - sp3050	New Arcade	3050			
Villa Pizza	New Arcade	3115		4,704	6,273
Walgreen's	New Arcade	1065			
Wilsons Leather	New Arcade	2380			
Space 1047 (old Day by	New Arcade	Mo 27			
Space 1180 (old Finish	New Arcade	Mo 27			
Space W901 (old Footloc	New Arcade	Mo 27			
Space 2375 (old Picture	New Arcade	Mo 27			
Space W200 (old Radio s	New Arcade	Mo 27			
Space 3070 (old 1 potat	New Arcade	Mo 27			
Space 2370 (old Lids)	New Arcade	Mo 27			
Space 2380 (old Wilsons	New Arcade	Mo 27			
Total New Arcade			57,681	105,427	149,855

EXHIBIT C										FORECAST OF DISTRICT CASH FLOW			
										TAX INCREMENTAL DISTRICT NO. 46			
Yr.	Real Prop. Value	Personal Prop. Value	Est. District Value	Base Value	Incremental Value	Tax Inc. Revenue	Bond Payment	Annual Surplus (Deficit)	Cumulative Surplus (Deficit)				
2001	\$ 20,254,547	\$ 2,000,000	\$22,254,547	\$22,254,547	\$0	\$0	\$0	\$ -	\$ -				
2002	\$ 22,953,547	\$ 2,000,000	\$ 24,953,547	\$22,254,547	\$2,699,000	\$0	\$0	\$ -	\$ -				
2003	\$ 27,641,512	\$ 2,000,000	\$ 29,641,512	\$22,254,547	\$ 7,386,965	\$ 75,572	\$ 102,380	\$ (26,808)	\$ (26,808)				
2004	\$ 28,177,652	\$ 2,000,000	\$ 30,177,652	\$22,254,547	\$ 7,923,105	\$ 206,835	\$ 102,380	\$ 104,455	\$ 76,776				
2005	\$ 28,177,652	\$ 2,000,000	\$ 30,177,652	\$22,254,547	\$ 7,923,105	\$ 221,847	\$ 102,380	\$ 119,467	\$ 198,738				
2006	\$ 29,586,535	\$ 2,000,000	\$ 31,586,535	\$22,254,547	\$ 9,331,988	\$ 221,847	\$ 102,380	\$ 119,467	\$ 324,664				
2007	\$ 29,586,535	\$ 2,000,000	\$ 31,586,535	\$22,254,547	\$ 9,331,988	\$ 261,296	\$ 102,380	\$ 158,916	\$ 494,131				
2008	\$ 31,065,861	\$ 2,000,000	\$ 33,065,861	\$22,254,547	\$ 10,811,314	\$ 261,296	\$ 102,380	\$ 158,916	\$ 669,106				
2009	\$ 31,065,861	\$ 2,000,000	\$ 33,065,861	\$22,254,547	\$ 10,811,314	\$ 302,717	\$ 102,380	\$ 200,337	\$ 891,189				
NOTES:													
Value of Woolworth and Plankinton retail is reduced in 2002													
Grand Avenue parking structures have a taxable value of \$5.0 million in 2002													
New Arcade value is increased 2003 and 2004													
District grows at 5% bi-annually beginning in 2006													
Personal property is kept flat due to variations among the properties in the district													
Outstanding debt service in 2009 is \$819,044													