

AMENDMENT NO. 2

**PROJECT PLAN FOR
TAX INCREMENTAL FINANCING DISTRICT NO. 75
(REED STREET YARDS)**

CITY OF MILWAUKEE

Public Hearing Held: June 19, 2014

Redevelopment Authority Adopted: June 19, 2014

Common Council Adopted:

Joint Review Board Adopted:

**AMENDMENT NO. 2 to the PROJECT PLAN for
TAX INCREMENTAL FINANCING DISTRICT NUMBER 75
CITY OF MILWAUKEE
(REED STREET YARDS)**

Introduction

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

Section 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 created Tax Incremental District No. 75 (the "District") in 2009 for the purpose of providing the infrastructure necessary for the development of a water technology and research park at the Reed Street Yards. In 2011, Amendment No. 1 to the District was approved. That Amendment provided \$5,599,770 for infrastructure improvements at the Reed Street Yards, \$264,000 for administration and \$354,000 for a loan to the Reed Street Yards Business Improvement District to pay the developer's share of Riverwalk and Dockwall costs. The Amendment authorized a total of \$6,217,770 in project costs.

In 2013, the Water Council opened the Global Water Center, a 90,000 SF office and research facility adjacent to the Reed Street Yards. The Global Water Center includes tenants such as Badger Meter, A.O. Smith, Rexnord, UW-Milwaukee and many other water companies and organizations. Also in 2013, the construction of a new segment of Freshwater Way at the Reed Street Yards commenced. Freshwater Way includes several green features, like a purple pipe for greywater recycling and permeable pavement and bioswales for stormwater management.

In addition, a major component of the Hank Aaron State Trail that included a Riverwalk segment connecting to a ramp and staircase attached to the 6th Street Viaduct was completed in 2014. These investments in infrastructure have made the Reed Street Yards more accessible and have provided the necessary infrastructure for new development to occur there.

Amendment No. 2 to the District authorizes funds for additional public infrastructure improvements (\$1,360,000), public parking, a public plaza and streetscaping associated with the Florida Lofts project (\$660,000) a Public/Private Venture Fund for new buildings at the Reed Street Yards (\$5,000,000) and administration expenses (\$100,000).

Amendments to the Project Plan:

The following amendments are made to the Project Plan. All other sections of the Plan remain unchanged.

I. DESCRIPTION OF THE PROJECT

Sub-Section D, “Plan Objectives,” is deleted and restated, as follows:

The objectives of this Project Plan are to:

- Provide public infrastructure that is not feasible without public/private cooperation, including new streets, sewers and water mains serve to the Reed Street Yards, public parking, bicycle amenities and pedestrian amenities.
- Assist in the remediation of brownfields, by providing funding to prepare contaminated sites for redevelopment.
- Create or retain jobs by creating development opportunities near downtown Milwaukee and attracting water-related companies to relocate or expand in the District.
- Increase the tax base of the City by reinvigorating the District and neighborhood property to maximizing their full potential.
- Implement a Catalytic Project, as set forth in the Near South Side Comprehensive Plan, which called for the redevelopment of the Reed Street Yards site.
- Increase public access to the Menomonee Canal and connectivity to the Milwaukee Riverwalk system by constructing Riverwalk improvements.
- Eliminate obsolete conditions and blighting influences that impede development and detract from the functionality, aesthetic appearance and economic welfare of this important section of the City.

Sub-Section E, “Proposed Public Action,” is amended by adding the following:

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

- Public Infrastructure. The District will fund up to \$1,360,000 for public infrastructure improvements. See section “II. Plan Proposals” for the specific improvements that will be made.
- Florida Lofts Project (“Florida Lofts”). A conversion of a vacant warehouse building at 408 West Florida Street into 98 market rate apartment units, 17,000 SF of retail space and 200 parking spaces, to be developed by Hovde Properties, LLC. A parking structure will be constructed between the Iron Horse Hotel and Florida Lofts that will include 20 public parking spaces. The District will fund a grant of \$660,000 for the public parking spaces, a public plaza and streetscaping according to the Florida Lofts Term Sheet for the Development Agreement, attached.
- Reed Street Yards Public/Private Venture Fund (“PPVF”). The District will create a PPVF to fund grants or loans up to \$5,000,000 for costs associated with new buildings in the Reed Street Yards or incentives for new businesses locating at Reed Street Yards. The Funding Authorization and Conditions for the PPVF is attached and final term sheets for each specific building will be subject to future approval by the Redevelopment Authority and Common Council.

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. It is possible that future amendments to this Project Plan for other investments in this area will be proposed.

II. PLAN PROPOSALS

Sub-Section A, “Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements,” is amended by adding the following:

This Plan includes 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 budget estimates as approved by the 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.

- Reconstruction of the 200 block of West Freshwater Way, including pavement, sidewalks, street lighting, utilities, trees, landscaping, signage, pedestrian and bicycle amenities, and stormwater management facilities.
- Repaving of West Florida Street from South 2nd Street to South 5th Street, including pavement, sidewalks, street lighting, utilities, trees, landscaping, signage, pedestrian and bicycle amenities, and stormwater management facilities.
- Extension of a sewer from Freshwater Way to former tannery buildings west of the 6th Street Viaduct.
- Installation of harp lighting on South 3rd Street.
- Installation of a bikeshare station.
- Installation of gateway and interpretative signage at the Reed Street Yards and adjacent streets.

The number and location of proposed public works and improvements are shown in **Map No. 3, “Amendment No. 2 Proposed Uses and Improvements”**.

Sub-Section B, “Detailed List of Estimated Project Costs,” is deleted and restated as follows:

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

The City shall fund an estimated \$7,020,000 in the form of TID Capital Project Costs enumerated in further detail in Table A of this Plan.

TABLE A: Reed Street TID Amendment No. 2 Capital Project Costs

Public Infrastructure	
Freshwater Way	\$550,000
Florida Street	\$500,000
Tannery Sewer Connection	\$60,000
Harp Lighting	\$150,000
Bikeshare Station	\$50,000
Signage	\$50,000
TOTAL PUBLIC INFRASTRUCTURE	\$1,360,000
Florida Lofts	\$660,000
Public/Private Venture Fund (PPVF)	\$5,000,000
TOTAL Capital Project Costs	\$7,020,000

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 B: Lists of Estimated Project Costs

A	<u>Capital:</u> Public Infrastructure, Florida Lofts, PPVF	\$7,020,000
B	<u>Other:</u> Administration	\$100,000
	Total Estimated Project Costs, excluding financing	\$7,120,000
C	<u>Financing:</u> Interest payment on bonds	\$2,991,000
D	<u>District Costs to Date</u>	\$6,217,770

Sub-Section C, “Description of Timing and Methods of Financing” is deleted and restated, as follows:

All expenditures are expected to be incurred in 2014-20.

The City expects to issue general obligation bonds to finance the TID Project Costs.

Sub-Section D, “Economic Feasibility Study”, is deleted and restated as follows:

The Economic Feasibility Study for Amendment No. 2 to the Project Plan, prepared by S.B. Friedman & Co. and titled *Economic Feasibility Report: Proposed Amendment No. 2 of Reed Street Yards Tax Incremental District (TID #75)* dated June 3, 2014, is attached.

Based upon the anticipated tax incremental revenue to be generated by the District, the District shows a cumulative surplus by 2024, the 16th year of the District. Accordingly, the District is determined to be feasible.

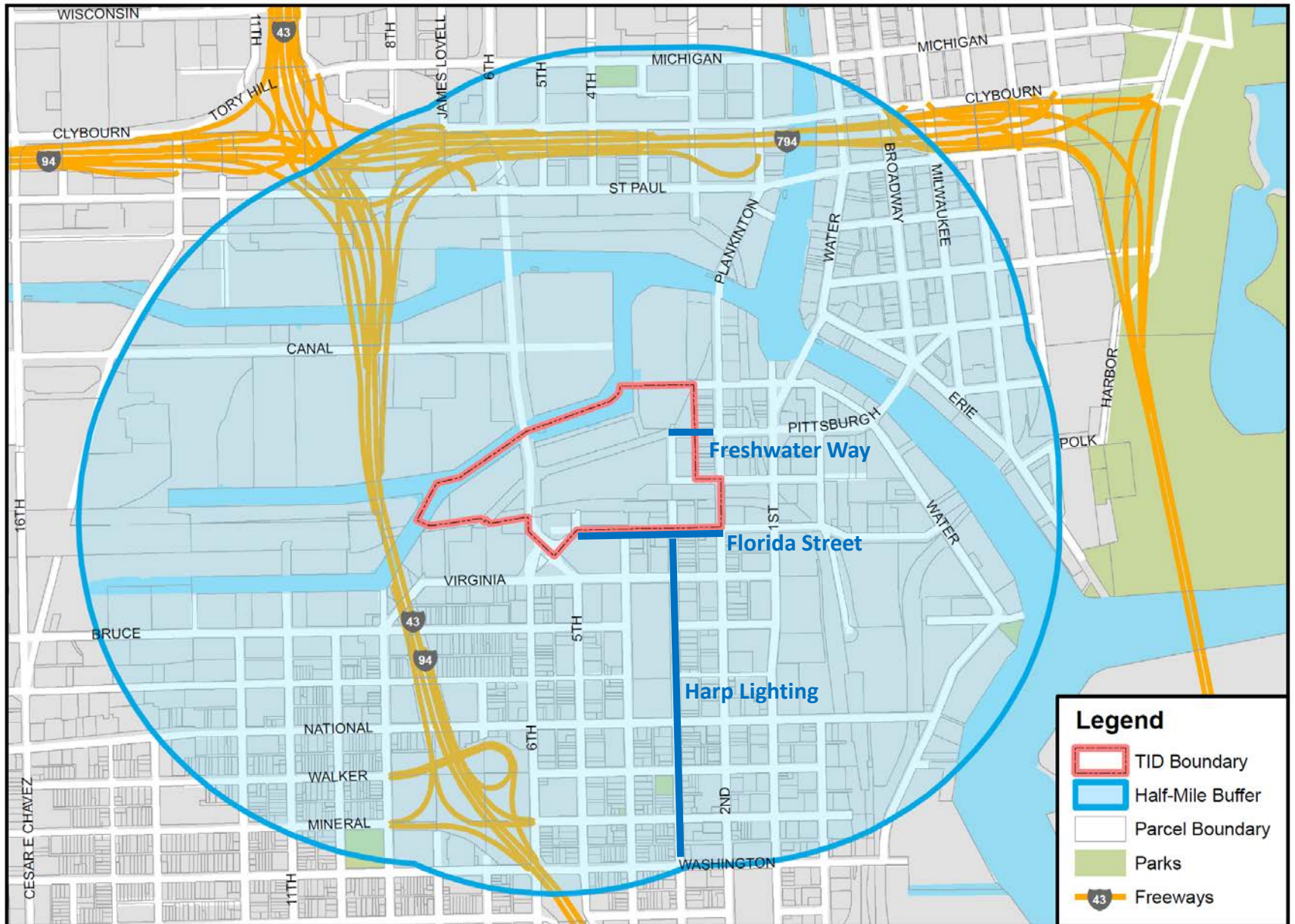
Sub-Section F, “Map Showing Proposed Improvements and Uses:” is amended by adding “Map No 3: Amendment No. 2 Proposed Improvements and Uses”, attached.

Sub-Section H, “List of Non-Project Costs”, is deleted and restated as follows:

New Commercial Redevelopment	\$100.0M
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Opinion of City Attorney letter is deleted and replaced with the attached letter from the City Attorney dated June 5, 2014.

Map No. 3, "Amendment No. 2 Proposed Uses and Improvements".



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June 5, 2014

Commissioner Rocky Marcoux
Department of City Development
809 North Broadway, 2nd Floor
Milwaukee, WI 53202

Re: Amendment No. 2 to Project Plan for Tax Incremental District No. 75
(Reed Street Yards)

Dear Commissioner Marcoux:

Pursuant to your request, we have reviewed Amendment No. 2 to the Project Plan for the above-captioned Tax Incremental District No. 75.

Based upon that review, it is our opinion that the plan, as amended, is complete and complies with the provisions of Wis. Stat. § 66.1105 (4)(f).

Very truly yours,

GRANT F. LANGLEY
City Attorney

THOMAS O. GARTNER
Assistant City Attorney

TOG:lmc

1050-2009-1079:204049



TERM SHEET

FLORIDA LOFTS PROJECT

May 15, 2014

PROJECT:

Hovde Properties, LLC is planning to redevelop the existing Coakley Brothers warehouse located at 408 W. Florida Street into 98 apartment units, 17,376 square feet of retail space, and 200 parking spots comprised of 48 spaces in a to-be-built adjacent parking garage, 26 outdoor spaces, and 126 spaces in the basement, first, and second floors. (the "Project"). The residential component will target primarily young professionals and the empty-nesters seeking urban loft-style units. The adjacent parking garage will include 20 parking spaces that will be used for public parking (as shown in "**Exhibit A**"). It will also include a green roof with a rooftop plaza that will be open to the public. In exchange for the public amenities, the Redevelopment Authority of the City of Milwaukee will reimburse Hovde Properties for certain costs as outlined below.

PARTIES:

Hovde Properties, LLC ("Developer") and the Redevelopment Authority of the City of Milwaukee ("RACM")

DEVELOPER OBLIGATIONS:

Developer shall complete the Project and shall comply with the following requirements:

- A. Provide a public access easement to the rooftop plaza of the parking garage which shall include access to a future skywalk bridge over the railroad right of way connecting the parking garage to the Reed Street Yards.
- B. Provide a public parking easement for 20 parking spaces on the ground floor of the parking garage
- C. Construct as part of the Project the foundations for the future skywalk bridge.
- D. Install as part of the Project certain streetscape improvements and planting beds in the Florida Street public right of way.
- E. Use best efforts to comply with the City's Small Business Enterprises ordinance at a level of 25% for the parking garage portion of the Project and the City's Resident Preference Program for 40% of the parking garage portion of the Project.

RACM OBLIGATIONS:

RACM shall reimburse Developer for up to \$660,000 (the "Grant") upon completion of the Project including all of Developer's Obligations described above and issuance of an occupancy permit for the Project by the City of Milwaukee. Invoices for actual costs

shall be submitted to RACM's Executive Director for review and approval. The Grant shall be paid as a reimbursement for Developer's actual costs as follows:

Streetscaping / Planting Beds	\$150,000
Bridge Foundations	\$10,000
Public Parking	\$400,000
Green Roof and Plaza	\$100,000

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 in one or more agreements among RACM and Developer. Resolutions approving this Term Sheet shall provide for the execution of all additional Project Documents and instruments necessary to implement the Project.

Funding Authorization and Conditions for the Reed Street Yards Public/Private Venture Fund

- Project:** Reed Street Yards Global Water Technology Park (“RSY”), a 17-acre site along the Menomonee Canal that is being marketed to serve Milwaukee’s growing water industry. RSY is a public/private partnership between the City of Milwaukee, Building 41, LLC (“Owner”) and General Capital Group (“Developer”). In 2014, a new street, Freshwater Way, and riverwalk were constructed on the site using funding from the Reed Street Yards Tax Incremental District No. 75 (the “District”).
- Prospective Parties:** City of Milwaukee, Redevelopment Authority, Owner, Developer and future purchasers of land or tenants at RSY.
- District Investment:** Up to \$5,000,000 in grants or loans to fund costs associated with new office, research and/or industrial buildings at RSY or incentives for new businesses locating at RSY. The funds would come from the Reed Street Yards Public/Private Venture Fund (“PPVF”), approved as part of Amendment No. 2 to the District.
- Conditions:** Redevelopment Authority and Common Council of the City of Milwaukee approval of a final Term Sheet is required for any project receiving funding from the PPVF. In addition to customary provisions included in standard term sheets, the following conditions must be met and/or included:
- 50% of a new building must be pre-leased before construction commences or before PPVF funds are released
 - 70% of the square footage of the RSY must be leased to either Water Technology Related Businesses (as defined by the Development Agreement between the City, Redevelopment Authority and Owner dated September 1, 2012) or firms which bring new jobs to the City of Milwaukee
 - New buildings shall average one employee per 400 SF of leasable space
 - 50/50 split of any final project cost savings between the entity receiving PPVF funds and the City
 - Small Business Enterprise and Residence Preference Program requirements per Chapter 355 of the City of Milwaukee Code of Ordinances
 - Payment in Lieu of Taxes (PILOT) agreement for any current or future tax-exempt use
 - Funds to be disbursed based on actual costs incurred and pro rata with senior debt
 - Projected increment generated must fully amortize the District by year 24

Economic Feasibility Report

PROPOSED AMENDMENT NO. 2 OF REED STREET YARDS TAX INCREMENTAL DISTRICT (TID #75)

Prepared for:

City of Milwaukee

DRAFT: June 3, 2014

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1. Project Description and Study Approach

SB Friedman Development Advisors (SB Friedman) has produced an updated Feasibility Study for proposed development in the Reed Street Yards Tax Increment District (TID), also known as TID #75. In 2009, *SB Friedman* conducted an initial feasibility study for the Reed Street Yards TID at the time of the district's initial adoption, and subsequently updated the study in 2011 to account for the Water Council Building and related infrastructure improvements. This current update accounts for three additional proposed development projects and integrates the City of Milwaukee's estimated costs for additional infrastructure improvements and the creation of a public/private venture fund in the TID. The assessment status of recently completed development projects, including current property values and phasing assumptions has also been updated.

Project Description

The Reed Street Yards TID was created to assist with public infrastructure, redevelopment and revitalization of the area, with the aim of creating a water-related research and technology park. A cumulative total of \$6.22 million in funding for public infrastructure was authorized in the 2011 TID amendment, including infrastructure and administrative costs, as well as a loan to Business Improvement District (BID) 49, which will be repaid with BID revenue. Since 2011, new infrastructure improvements have been undertaken, including construction of Freshwater Way, a new street which opens up additional areas for development, and site and utility improvements undertaken in conjunction with the Water Council building development. Redevelopment of several other buildings within the TID has also occurred, including office, residential and hotel uses (described further in Section 3 of this report).

Three new developments are currently proposed within the TID, as outlined below:

- **Florida Lofts.** This project consists of the adaptive reuse of the historic Coakley Brothers Building as 98 loft-style apartment units. The building is anticipated to include approximately 17,400 square feet of retail space, with tenants anticipated to include a fitness center, restaurant and café. Additional amenities include a third-floor recreation room.
- **Tannery Apartments.** The Tannery Apartments is multi-phase residential redevelopment of several existing, currently vacant warehouse buildings on the Tannery Campus. The first two phases consist of redevelopment of the Beam House into 64 apartment units and the Docks Building into 38 apartment units. The project is anticipated to include a fitness center, indoor pool and community space as amenities.
- **Water Technology Buildings.** Two new-construction office buildings are proposed along Freshwater Way, offering additional space within the TID to accommodate water-related enterprises and complementary office tenants. The two buildings, each of which will be 80,000 square feet, will meet environmentally-sustainable building standards. Water Technology One will be developed according to LEED Platinum Certification standards, and Water Technology Two is expected to achieve LEED Certification at a minimum.

In conjunction with these three proposed redevelopment projects, the City of Milwaukee (“City”) seeks to invest approximately \$7.32 million in additional TID financing to create additional infrastructure and a public/private venture fund to provide “gap financing” assistance for extraordinary costs related to new construction within Reed Street Yards. Due to the linkages between certain proposed public investments and private development projects, and the preliminary nature of the Water Technology building proposals, this Report includes two TID capacity analysis scenarios involving different packages of public investment and assumed private development generating new tax base within the TID. These scenarios are described below:

Baseline Scenario: Apartment Development

- **Redevelopment Projects** – two residential rental projects including rehabilitation of existing warehouse buildings into a total of 200 apartment units and approximately 17,000 square feet of retail space
- **Infrastructure and Florida Lofts Improvements**- roadway improvements to Freshwater Way and Florida Street, South Third Street lighting improvements, Tannery Complex sewer connections, signage, a bikeshare station, and improvements associated with the Florida Lofts project, including streetscaping, bridge foundations, public parking, green roof and plaza

Full Development Scenario: Apartment Development and Water Technology Buildings

- **Redevelopment Projects** – two residential rental projects including rehabilitation of existing warehouse buildings into a total of 200 apartment units and approximately 17,000 square feet of retail space, and new construction of 160,000 square feet of office space
- **Infrastructure and Florida Lofts Improvements**- roadway improvements to Freshwater Way and Florida Street, South Third Street lighting improvements, Tannery Complex sewer connections, signage, a bikeshare station, and improvements associated with the Florida Lofts project, including streetscaping, bridge foundations, public parking, green roof and plaza
- **Public/Private Venture Fund** – assistance towards the proposed Water Technology Buildings, including geotechnical and subsurface conditions, shared parking, energy efficiency upgrades, and other extraordinary costs associated with new construction, contingent upon development completion and specific performance criteria

The Project Area is included in the Reed Street Yards TID, which currently consists of 26 taxkeys. In addition to the Project, several recent renovations have occurred within the TID, including the 234 Florida offices, and the Water Council Building. Assessment assumptions for these properties have been updated from the prior 2011 Feasibility Study. Remaining taxkeys include vacant warehouses, vacant land, and some previously developed projects such as Teweles Seed Tower Apartments and Iron Horse Hotel.

Study Approach

SB Friedman reviewed and considered the following key factors affecting the TID feasibility of the proposed project:

- Executive Summary and Overview for Florida Lofts, provided by DCD
- Conceptual Site Plans for Water Technology One and Water Technology Two, provided by General Capital Group
- Phasing and timing information for proposed projects provided in conversations with DCD, General Capital Group and Atlas Development
- Assessment techniques and assumptions likely to be used as a basis for property taxation, based on key informant interviews with the City of Milwaukee Assessor's Office
- Real property assessment data from the Assessor's Office on existing properties within TID #75
- Real property assessment data for comparable properties elsewhere in Milwaukee to validate the potential assessed valuation of the Project
- Budget estimates for the Project, provided by DCD
- Bonding assumptions, as provided by the City of Milwaukee DCD and Comptroller, to be used in evaluating financing capacity
- City of Milwaukee and Board of BID No. 49 Riverwalk and Dockwall Development Loan Agreement, provided by DCD

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2. Proposed TID Expenditures

In addition to previously authorized expenditures, the currently proposed City TID expenditures under the Project total \$7.32 million in net proceeds, comprised of the following elements:

Infrastructure and Florida Lofts Improvements Expenditures

- **Up to \$1,496,000 for Public Infrastructure.** Public infrastructure improvements include roadway improvements to Freshwater Way and Florida Street, South Third Street Lighting, Tannery Complex sewer connections, signage, and a bikeshare station, including a 10% contingency allowance.
- **\$726,000 for Improvements Associated with the Florida Lofts Project.** Public improvements associated with the Florida Lofts project include streetscaping, bridge foundations, public parking, green roof and plaza, including a 10% contingency allowance.
- **\$100,000 for City Administration Costs.**

Public/Private Venture Fund

- **Up to \$5,000,000 for Public/Private Venture Fund.** Improvements include extraordinary site preparation costs associated with geotechnical and subsurface conditions, shared parking, and energy efficiency technology.

The City's financing of the Public/Private Venture Fund is contingent upon additional incremental assessed TID valuation being generated by the planned Water Technology Buildings, as described in Section 3.

3. Incremental Property Tax Revenues

SB Friedman projected incremental property tax revenues to evaluate the period in which the TID might reasonably be expected to generate sufficient cash flow to fully amortize the debt associated with previously authorized TID expenditures of \$6.22 million and proposed additional TID expenditures of \$7.32 million. These projections are a revision to the TID feasibility study update *SB Friedman* prepared in 2011, and to the original TID incremental revenue projections that *SB Friedman* conducted for the Reed Street Yards TID in 2009.

The scope of this incremental revenue projection includes:

1. Phase-in of additional value anticipated to result from the future stabilization of the 234 Florida and Water Council Building
2. Projected new TID revenues resulting from the proposed Florida Lofts, Tannery Apartments Phases I and II, and Water Technology Buildings I and II (discussed in additional detail below)
3. Incremental property tax revenues from inflationary growth in property values on parcels within the TID for which no redevelopment is assumed, or for which completed projects have reached stabilization and no additional new revenues are anticipated beyond inflationary growth

The assumptions used to develop these projections are described below.

TID Projection Assumptions and Methodology

Appendix 1 of this study summarizes the key assumptions used to project TID revenues. These assumptions, as well as *SB Friedman's* methodology, are described below.

SOURCES OF TID REVENUE

The Reed Street Yards TID includes a total of 26 taxkeys, comprised of recent development parcels that are reaching stabilization (Water Council Building and 234 Florida), proposed new redevelopment projects (the Tannery Apartments, Florida Lofts, and Water Technology Buildings), and the balance of the TID. Incremental property tax revenues resulting from the increased value of these properties comprise the revenue stream for the TID. The repayment of the BID loan represents another minor source of revenue for repayment of TID bonds, which is discussed under "Other TID Assumptions." The components of the projected TID incremental revenue stream are described below:

1. **Projects Reaching Stabilization.** Two recently completed projects within the TID, the Water Council Building and 234 Florida offices, have not yet reached full stabilization and assessed valuation. The assessment status of these projects, and new value additions that are anticipated as these projects reach stabilized occupancy levels, are described below:
 - A. **Water Council Building.** The Water Council Building occupies one taxkey in the Reed Street Yards TID. This rehabilitated building offers approximately 85,600 square feet of leasable office and incubator space for water-related tenants within a former

warehouse. Since the building was approximately 65% occupied as of January 1, 2014, additional value is anticipated to result from the building as it reaches stabilization.

- B. 234 Florida.** The 234 Florida building occupies one taxkey in the TID. In 2008 Pieper Properties acquired the 110,000 square foot, seven-story former factory and has undertaken restoration to provide high-quality office space. Because the building is only partially occupied (approximately 59% as of January 1, 2014), the projections include additional new value from 234 Florida as it reaches stabilization.
- 2. New Redevelopment Projects.** The three proposed redevelopment projects include residential, office and limited retail space, as described below:
- A. Florida Lofts.** This project consists of the redevelopment of the historic Coakley Brothers Building into 98 loft-style apartment units and approximately 17,400 square feet of retail space. According to the developer, the project will primarily target young professionals and empty-nesters. Anticipated retail tenants include a fitness center, restaurant and café. Planned residential amenities include Class A unit finishes and features and a third-floor recreation room.
 - B. Tannery Apartments.** The Tannery Apartments are planned as a multi-phase residential redevelopment within several existing, currently vacant warehouse buildings on the Tannery Campus. The proposed project is currently located on one taxkey, and comprised the first two phases of the Tannery Apartments redevelopment. Phase I includes 64 residential rental units in the Beam House, and Phase II includes 38 rental units in the former Docks Building. The development is expected to include a fitness center, indoor pool and community space as amenities.
 - C. Water Technology Buildings.** The first two phases of the Water Technology development include two new construction office buildings located along Freshwater Way and facing the Menomonee Canal. The new office space will accommodate additional water-related enterprises and complementary office tenants within the TID. The two buildings, each of which will be 80,000 square feet, will meet environmentally-sustainable building standards. Water Technology One will be developed according to LEED Platinum Certification standards, and Water Technology Two is expected to achieve LEED Certification at a minimum. The project site is currently located on one taxkey.
- 2. Balance of TID Parcels.** The balance of the Reed Street Yards TID includes 21 taxkeys for which either: 1) no redevelopment is assumed to occur for the purposes of this study, or 2) recently completed redevelopment projects have reached stabilized assessment and no additional value beyond typical inflationary increment is anticipated. The first group includes 19 parcels of undeveloped land, undeveloped shell buildings within the Tannery complex, and land adjacent to the railroad rights-of-way. The second group includes the two parcels that contain the recently completed Teweles Seed Tower Apartments and the Iron Horse Hotel, both of which have reached full stabilization. No additional value beyond standard inflationary increment is anticipated for these projects.

SB Friedman's projections include tax increment only from the inflationary growth in property values for these parcels, not from any new development. It should be noted, however, that future development could occur, thus generating incremental TID revenues beyond those projected in this feasibility analysis. Likewise, the City may need to incur additional TID costs to facilitate this additional development. We anticipate that the feasibility analysis for the TID would be updated at that time in conjunction with the City Council action that would be required to allow such additional expenditures.

VALUATION ASSUMPTIONS

- **Stabilizing Properties (Water Council Building and 234 Florida).** The valuation of these existing office properties is based on their most current assessment levels as of January 1, 2014, and conversations with the Assessor's Office regarding occupancy status and typical market occupancy levels at stabilization. The stabilized assessed valuation of the Water Council Building is estimated at approximately \$9.74 million (\$99 per gross square foot) and the stabilized value of the 234 Florida property is estimated at approximately \$8.38 million (\$76 per gross square foot).
- **Tannery Apartments.** Based on conversations with Atlas Development, the Assessor's Office, and DCD, it appears the recent Junior House Lofts development is most comparable to the planned residential units at the Beam House and Docks buildings. The Assessor's Office provided an estimate of approximately \$97,000 per unit of assessed value at the Junior House Lofts at stabilization. Other recent residential developments with similar character are located in what are considered more attractive locations that command higher rents, and therefore have higher values. Therefore, *SB Friedman* has conservatively used \$97,000 per unit to estimate the value of the Tannery Apartments at full stabilization.
- **Florida Lofts.** The Florida Lofts project includes apartments and first-floor retail space. Project information provided by the City indicates that these units are likely to carry a similar assessed valuation to the Tannery Apartments. Therefore, *SB Friedman* also used \$97,000 per unit to estimate the stabilized valuation of the residential component of the Florida Lofts. A review of first-floor retail space in other mixed-use properties, and conversations with the Assessor's Office indicate that such space is typically valued within the \$15 to \$18 per square foot range in this geographic area. The Assessor's Office also noted that first-floor retail has been leased relatively slowly in the area for the past several years. As a conservative assumption, *SB Friedman* used \$15 per square foot to estimate the stabilized valuation of the retail component of the Florida Lofts development.
- **Water Technology Buildings.** Based on the review of other new construction office properties near the Fifth Ward, *SB Friedman* estimates that the Water Technology Buildings would be valued at approximately \$100 per gross building square foot at stabilization. This is similar to the valuation of the 153 N. Milwaukee office development, and somewhat higher than the valuation of the Clock Shadow Building, which contains several non-profit tenants and non-traditional office tenants.

PHASING AND TIMING OF ASSESSMENTS

- **Water Council Building.** As of January 2014, the Water Council Building was approximately 65% occupied, according to the Milwaukee Assessor's Office. According to CoStar data, the project is 85% leased as of May 2014, which indicates the project will reach full stabilized assessed value of \$9.74 million in 2015.
- **234 Florida.** According to the Assessor's Office, the 234 Florida property had achieved a 59% occupancy level in 2014, up from 44% in the prior year's assessment. Based on prior lease-up trends over the past three years, it is conservatively assumed that the property will reach stabilization by 2017 at \$8.38 million.
- **Florida Lofts.** Construction is expected to start at the former Coakley Building in July 2014 and be finished by May 2015. The residential rental portion of the project is anticipated to reach partial assessment in 2015 and full stabilization by 2016. Based on tenant information provided by the developer, the retail space is expected to reach stabilized occupancy levels in 2015. Upon stabilization, both the residential and retail components are estimated to total \$9.77 million by 2017.
- **Tannery Apartments.** Rehabilitation of the Beam House during Phase I, which will include 64 residential rental units, is planned to start in June 2014, with construction completion anticipated in January 2015, according to the developer. Phase I is anticipated to achieve partial valuation in 2015 and full stabilization by 2016. Phase II, which includes adaptation of the Docks building into the remaining 38 apartment units, is anticipated to begin one year later during the summer of 2015 and reflect a similar assessment schedule, with partial valuation in 2016 and full valuation in 2017. Upon completion and full occupancy, both phases together are estimated to total \$9.89 million in assessed value.
- **Water Technology Buildings.** Water Technology One is planned as a new construction multi-tenant office building with construction anticipated to begin in the third quarter of 2014. Water Technology Two is tentatively planned to begin in the second quarter of 2015. Both buildings have an anticipated 18-month construction period. Water Technology One is anticipated to achieve partial occupancy and assessment levels by January 2015, estimated at 25% of the full value, with full stabilization reached in 2016. Water Technology Two would follow a similar lease-up and assessment schedule approximately one year later than Water Technology One, with an estimated 25% of the full value reached in 2016. Both phases are anticipated to be completed and stabilized by 2017, with an estimated \$16.0 million in total assessed value.

OTHER TID ASSUMPTIONS

- **Tax Rate.** Our analysis considered historical trends in the overall City of Milwaukee property tax rate over the past 5, 10, 15, and 20-year periods. The tax rate has trended downward over the 20-year analysis period at compound annual rate of about -1.13% (20-year history). The tax rate has trended up over the past five years due to the decline and stagnation of property values in the aftermath of the Great Recession; however, due the long-term nature of the TID capacity analysis, *SB Friedman* used the 20-year history to develop an assumption of a modestly declining rate over time. For our analysis, *SB Friedman* assumed that the tax rate applicable to 2014 assessed values will equal the 2013 tax rate of 3.062% (\$30.62 per \$1,000 of value) and will

subsequently decline annually by 1.13%, the compound annual rate of decline for the past 20 years. This decline is assumed to continue through 2035, the final year of this analysis, reaching a level of 2.38% in that year.

- **Equalization.** The Total TID assessed value and incremental value presented for 2009 to 2013 reflect the Wisconsin Department of Revenue's equalized value of real and personal property for those years. An equalization factor of 100% is assumed for all subsequent years for the purposes of calculating incremental revenues. This methodology was selected due to the unpredictability of the equalization factor for the purposes of making any future projections.
- **Personal Property.** TID real property assessments for tax years 2009 through 2013 have been adjusted to account for the equalized assessed value of personal and real property within the Reed Street Yards TID (TID #75), as a whole, according to final data published by the Wisconsin Department of Revenue. *SB Friedman* estimated the 2013 unequalized assessed value of personal property within the TID as \$3.3 million, based on real property values and the state's equalization factor. For the purposes of these projections, the level of personal property value within the TID is conservatively assumed to remain constant in future years.
- **Property Value Growth.** *SB Friedman's* projections assume 1.0% annual growth in assessments for all properties within the TID boundary. This assumption applies to the inflationary increases occurring with reassessment of non-redevelopment parcels, as well as future inflationary increases in value after new redevelopment projects reach fully stabilized assessment levels.

Projected TID Revenues

Incremental revenues were projected under two potential development scenarios. **Tables 1 and 2** at the end of this memo show these projections during the 27-year statutory life of the Reed Street Yards TID. The two scenarios are:

- **Baseline Development Scenario.** The Baseline Scenario accounts for incremental revenues generated by the planned Tannery Apartments Phases I and II and Florida Lofts projects, as well as recently completed stabilizing projects (Water Council Building and 234 Florida), and the balance of the TID. Based on the absorption, timing, phasing and other TID assumptions described above, a total of about **\$35.1 million** in undiscounted TID revenues are projected over the life of the TID in this scenario.
- **Full Development Scenario.** In addition to the revenues under the Baseline Scenario, the Full Development Scenario accounts for incremental revenues generated by the Water Technology One and Water Technology Two buildings. Based on the assumptions described above, a total of about **\$43.9 million** in undiscounted TID revenues are projected over the life of the TID in this scenario.

Projected Amortization of TID Debt

SB Friedman evaluated the time frame over which bonds issued to fund the proposed \$7.32 million in additional TID infrastructure and other project-related costs described in Section 2 of this report could be amortized using projected incremental real property tax revenues.

As of this writing, specific debt service schedules are currently available for approximately \$391,974 in previously approved and funded TID costs.¹ The remaining previously authorized expenditures of \$5,825,796 in net proceeds are assumed to be bonded in 2014. In addition to this amount, *SB Friedman* assumed that \$2,322,000 of expenditures that would be authorized by this proposed TID amendment for new infrastructure investments (improvements associated with the Florida Lofts project and City administrative costs) would be bonded in 2014. The City anticipates another \$5.0 million in TID expenditures related to the proposed Public/Private Venture Fund would be bonded in 2015, contingent upon development of the Water Technology Buildings. These costs are net of associated capitalized interest and allowances for bond issuance costs.

SB Friedman analyzed these revenues and the projected timeframe required to amortize these costs, plus associated capitalized interest and bond issuance costs.

It should also be noted that additional TID revenues may be generated by new construction on the vacant Reed Street Yards property and/or rehabilitation or redevelopment of one or more of the vacant buildings within the TID, thus improving cash flows and shortening the amortization period as compared to the projections in this report or providing additional revenue for additional TID costs.

METHODOLOGY

These projections replicate the issuance of one or more bonds to support the TID subsidy and are based on the following key assumptions:

- **Bond Interest Rates.** *SB Friedman* assumed an interest rate of 4.75% on the bonds. This rate is reflective of the City of Milwaukee's approximate cost of funds frequently used for TID feasibility analysis, plus 0.25% to account for the potentially higher cost of funds associated with revenue bonds or other potential sources of TID funding the City is currently considering.
- **Term, Target Debt Service and Carry Costs.** Reflecting discussions with DCD and its conversations with the Office of the City Comptroller, the projections assume two years of capitalized interest, followed by fifteen years of level principal and interest payments. For the fifteen level payment years following the interest-only period, a "TID Annual Debt Service Target" is defined. This amount is equal to the annual level-payment debt service on a 15-year amortization of the total bond issue. In each of the 15 amortization years, this Annual Debt Service Target is compared to the available Repayment Sources. Any shortfalls relative to this target are accrued and carry a 4.0% annual interest charge until they are repaid. Any surpluses versus the target are used to pay down the accumulated shortfalls.
- **Issuance Costs.** *SB Friedman* assumed an issuance cost of 1.0% of the total bond principal amount.
- **BID 49 Loan Repayment.** The Reed Street Yards TID will loan a total of \$354,000 to BID 49 for the BID's portion of riverwalk and dockwall improvements. Repayment of the BID loan is

¹ DCD provided an amortization schedule for \$411,327 in total principal for previously authorized and bonded expenditures. The \$391,974 in estimated net expenditures for which bonds have been issued to date is net of \$15,434 in capitalized interest expenditures to date and an assumed 1.0% issuance cost.

projected as an additional source of funds beyond incremental property tax revenues to pay TID debt service. This loan is expected to have a repayment term of 15 years and a 4.5% interest rate. Loan repayment is modeled with level annual debt service beginning in 2015 in this projection.

PROJECTED AMORTIZATION

- **Baseline Scenario.** Based on the Baseline TID projection assumptions, *SB Friedman* projects that all TID obligations, including the new debt associated with the \$2,322,000 in new infrastructure costs, improvements associated with the Florida Lofts building and City administrative costs, could be fully amortized by Year 13 of the TID or tax year 2021. This calculation is illustrated in **Table 3** at the end of this memo.
- **Public/Private Venture Fund.** With development of the Water Technology Buildings under the Full Development scenario TID projection and amortization assumptions described above, *SB Friedman* projects full amortization of the \$5,000,000 cost of establishing the Public/Private Venture Fund and all other TID obligations, by Year 16 of the TID or tax year 2024. This calculation is illustrated in **Table 4** at the end of this memo.

DRAFT

City of Milwaukee

Reed Street Yards Feasibility Update

Table 1: Baseline Development Scenario TID Revenue Projections

DRAFT

6/3/2014

Inputs and Assumptions:

2009 Base Value of TID	\$ 26,470,500
Annual Inflation Rate	1.0%
2013 Net Tax Rate	3.062%
Tax Rate - 20-year Compound Rate of Change:	-1.13%
Tax Collection Rate	100%

TID Year	Assmt Year	Inflation Factor	TID Actual /Projected Valuation							Incremental Value	Property Tax Rate	Total TID Incremental Revenue	
			Frozen Base Value	Non-Development Taxkeys	Value: Water Council Bldg	Value: 234 Florida	Value: Florida Lofts (Coakley)	Value: Tannery Apartments	Total TID Value				
1	2009	1.00	\$ 26,470,500	\$ 19,765,500	\$ 984,000	\$ 2,985,000	\$ 2,136,000	\$ 600,000	\$ 26,470,500	\$ -	2.60%	\$ -	
2	2010	1.00	\$ 26,470,500	\$ 19,621,000	\$ 976,000	\$ 2,985,000	\$ 2,119,000	\$ 600,000	\$ 26,301,000	\$ -	2.66%	\$ -	
3	2011	1.00	\$ 26,470,500	\$ 25,626,500	\$ 976,000	\$ 3,079,000	\$ 2,119,000	\$ 600,000	\$ 32,400,500	\$ 5,930,000	2.69%	\$ -	
4	2012	1.00	\$ 26,470,500	\$ 28,280,900	\$ 958,000	\$ 3,451,000	\$ 2,079,000	\$ 600,000	\$ 35,368,900	\$ 8,898,400	3.00%	\$ 159,517	
5	2013	1.00	\$ 26,470,500	\$ 38,128,200	\$ 947,000	\$ 5,854,000	\$ 2,056,000	\$ 900,000	\$ 47,885,200	\$ 21,414,700	3.06%	\$ 266,507	
6	2014	1.00	\$ 26,470,500	\$ 39,485,382	\$ 7,450,000	\$ 6,899,000	\$ 3,200,000	\$ 900,000	\$ 57,934,382	\$ 31,463,882	3.03%	\$ 655,718	
7	2015	1.01	\$ 26,470,500	\$ 39,880,236	\$ 9,839,731	\$ 7,569,862	\$ 3,344,701	\$ 5,682,260	\$ 66,316,789	\$ 39,846,289	2.99%	\$ 952,530	
8	2016	1.02	\$ 26,470,500	\$ 40,279,038	\$ 9,938,128	\$ 8,253,451	\$ 8,379,754	\$ 8,311,775	\$ 75,162,147	\$ 48,691,647	2.96%	\$ 1,192,656	
9	2017	1.03	\$ 26,470,500	\$ 40,681,829	\$ 10,037,509	\$ 8,631,199	\$ 10,062,579	\$ 10,193,798	\$ 79,606,914	\$ 53,136,414	2.93%	\$ 1,440,930	
10	2018	1.04	\$ 26,470,500	\$ 41,088,647	\$ 10,137,884	\$ 8,717,511	\$ 10,163,205	\$ 10,295,736	\$ 80,402,984	\$ 53,932,484	2.89%	\$ 1,554,683	
11	2019	1.05	\$ 26,470,500	\$ 41,499,533	\$ 10,239,263	\$ 8,804,687	\$ 10,264,837	\$ 10,398,693	\$ 81,207,013	\$ 54,736,513	2.86%	\$ 1,560,131	
12	2020	1.06	\$ 26,470,500	\$ 41,914,529	\$ 10,341,656	\$ 8,892,733	\$ 10,367,485	\$ 10,502,680	\$ 82,019,084	\$ 55,548,584	2.83%	\$ 1,565,485	
13	2021	1.07	\$ 26,470,500	\$ 42,333,674	\$ 10,445,072	\$ 8,981,661	\$ 10,471,160	\$ 10,607,707	\$ 82,839,274	\$ 56,368,774	2.80%	\$ 1,570,745	
14	2022	1.08	\$ 26,470,500	\$ 42,757,011	\$ 10,549,523	\$ 9,071,477	\$ 10,575,872	\$ 10,713,784	\$ 83,667,667	\$ 57,197,167	2.76%	\$ 1,575,914	
15	2023	1.09	\$ 26,470,500	\$ 43,184,581	\$ 10,655,018	\$ 9,162,192	\$ 10,681,630	\$ 10,820,922	\$ 84,504,344	\$ 58,033,844	2.73%	\$ 1,580,991	
16	2024	1.10	\$ 26,470,500	\$ 43,616,427	\$ 10,761,569	\$ 9,253,814	\$ 10,788,447	\$ 10,929,131	\$ 85,349,387	\$ 58,878,887	2.70%	\$ 1,585,979	
17	2025	1.12	\$ 26,470,500	\$ 44,052,591	\$ 10,869,184	\$ 9,346,352	\$ 10,896,331	\$ 11,038,423	\$ 86,202,881	\$ 59,732,381	2.67%	\$ 1,590,878	
18	2026	1.13	\$ 26,470,500	\$ 44,493,117	\$ 10,977,876	\$ 9,439,816	\$ 11,005,294	\$ 11,148,807	\$ 87,064,910	\$ 60,594,410	2.64%	\$ 1,595,688	
19	2027	1.14	\$ 26,470,500	\$ 44,938,048	\$ 11,087,655	\$ 9,534,214	\$ 11,115,347	\$ 11,260,295	\$ 87,935,559	\$ 61,465,059	2.61%	\$ 1,600,412	
20	2028	1.15	\$ 26,470,500	\$ 45,387,428	\$ 11,198,531	\$ 9,629,556	\$ 11,226,501	\$ 11,372,898	\$ 88,814,915	\$ 62,344,415	2.58%	\$ 1,605,051	
21	2029	1.16	\$ 26,470,500	\$ 45,841,303	\$ 11,310,517	\$ 9,725,852	\$ 11,338,766	\$ 11,486,627	\$ 89,703,064	\$ 63,232,564	2.55%	\$ 1,609,604	
22	2030	1.17	\$ 26,470,500	\$ 46,299,716	\$ 11,423,622	\$ 9,823,110	\$ 11,452,153	\$ 11,601,493	\$ 90,600,094	\$ 64,129,594	2.52%	\$ 1,614,074	
23	2031	1.18	\$ 26,470,500	\$ 46,762,713	\$ 11,537,858	\$ 9,921,341	\$ 11,566,675	\$ 11,717,508	\$ 91,506,095	\$ 65,035,595	2.50%	\$ 1,618,461	
24	2032	1.20	\$ 26,470,500	\$ 47,230,340	\$ 11,653,237	\$ 10,020,555	\$ 11,682,342	\$ 11,834,683	\$ 92,421,156	\$ 65,950,656	2.47%	\$ 1,622,766	
25	2033	1.21	\$ 26,470,500	\$ 47,702,643	\$ 11,769,769	\$ 10,120,760	\$ 11,799,165	\$ 11,953,030	\$ 93,345,368	\$ 66,874,868	2.44%	\$ 1,626,991	
26	2034	1.22	\$ 26,470,500	\$ 48,179,670	\$ 11,887,467	\$ 10,221,968	\$ 11,917,157	\$ 12,072,560	\$ 94,278,822	\$ 67,808,322	2.41%	\$ 1,631,135	
27	2035	1.23	\$ 26,470,500	\$ 48,661,467	\$ 12,006,341	\$ 10,324,187	\$ 12,036,328	\$ 12,193,286	\$ 95,221,610	\$ 68,751,110	2.38%	\$ 1,635,201	
	2036		Collections for TID Year 27										\$ 1,639,188
Total Proceeds, 2009-2036 (Not Discounted)												\$ 35,051,236	

Inputs and Assumptions:

2009 Base Value of TID	\$ 26,470,500
Annual Inflation Rate	1.0%
2013 Net Tax Rate	3.062%
Tax Rate: 20-year compound rate of decline	-1.13%
Tax Collection Rate	100%

TID Year	Assmt Year	Inflation Factor	TID Actual / Projected Valuation								Incremental Value	Property Tax Rate	Total TID Incremental Revenue
			Frozen Base Value	Value: Non-Development Taxkeys	Value: Water Council Bldg	Value: 234 Florida	Value: Florida Lofts (Coakley)	Value: Tannery Apartments	Value: WaterTech	Total TID Value			
1	2009	1.00	\$ 26,470,500	\$ 19,297,938	\$ 984,000	\$ 2,985,000	\$ 2,136,000	\$ 600,000	\$ 467,562	\$ 26,470,500	\$ -	2.60%	\$ -
2	2010	1.00	\$ 26,470,500	\$ 19,153,438	\$ 976,000	\$ 2,985,000	\$ 2,119,000	\$ 600,000	\$ 467,562	\$ 26,301,000	\$ -	2.66%	\$ -
3	2011	1.00	\$ 26,470,500	\$ 25,158,938	\$ 976,000	\$ 3,079,000	\$ 2,119,000	\$ 600,000	\$ 467,562	\$ 32,400,500	\$ 5,930,000	2.69%	\$ -
4	2012	1.00	\$ 26,470,500	\$ 27,813,338	\$ 958,000	\$ 3,451,000	\$ 2,079,000	\$ 600,000	\$ 467,562	\$ 35,368,900	\$ 8,898,400	3.00%	\$ 159,517
5	2013	1.00	\$ 26,470,500	\$ 37,660,638	\$ 947,000	\$ 5,854,000	\$ 2,056,000	\$ 900,000	\$ 467,562	\$ 47,885,200	\$ 21,414,700	3.06%	\$ 266,507
6	2014	1.00	\$ 26,470,500	\$ 38,550,282	\$ 7,450,000	\$ 6,899,000	\$ 3,200,000	\$ 900,000	\$ 935,100	\$ 57,934,382	\$ 31,463,882	3.03%	\$ 655,718
7	2015	1.01	\$ 26,470,500	\$ 38,935,785	\$ 9,839,731	\$ 7,569,862	\$ 3,344,701	\$ 5,682,260	\$ 2,020,000	\$ 67,392,338	\$ 40,921,838	2.99%	\$ 952,530
8	2016	1.02	\$ 26,470,500	\$ 39,325,143	\$ 9,938,128	\$ 8,253,451	\$ 8,379,754	\$ 8,311,775	\$ 10,201,000	\$ 84,409,251	\$ 57,938,751	2.96%	\$ 1,224,849
9	2017	1.03	\$ 26,470,500	\$ 39,718,394	\$ 10,037,509	\$ 8,631,199	\$ 10,062,579	\$ 10,193,798	\$ 16,484,816	\$ 95,128,296	\$ 68,657,796	2.93%	\$ 1,714,579
10	2018	1.04	\$ 26,470,500	\$ 40,115,578	\$ 10,137,884	\$ 8,717,511	\$ 10,163,205	\$ 10,295,736	\$ 16,649,664	\$ 96,079,579	\$ 69,609,079	2.89%	\$ 2,008,813
11	2019	1.05	\$ 26,470,500	\$ 40,516,734	\$ 10,239,263	\$ 8,804,687	\$ 10,264,837	\$ 10,398,693	\$ 16,816,161	\$ 97,040,375	\$ 70,569,875	2.86%	\$ 2,013,615
12	2020	1.06	\$ 26,470,500	\$ 40,921,901	\$ 10,341,656	\$ 8,892,733	\$ 10,367,485	\$ 10,502,680	\$ 16,984,322	\$ 98,010,778	\$ 71,540,278	2.83%	\$ 2,018,325
13	2021	1.07	\$ 26,470,500	\$ 41,331,120	\$ 10,445,072	\$ 8,981,661	\$ 10,471,160	\$ 10,607,707	\$ 17,154,166	\$ 98,990,886	\$ 72,520,386	2.80%	\$ 2,022,942
14	2022	1.08	\$ 26,470,500	\$ 41,744,431	\$ 10,549,523	\$ 9,071,477	\$ 10,575,872	\$ 10,713,784	\$ 17,325,707	\$ 99,980,795	\$ 73,510,295	2.76%	\$ 2,027,468
15	2023	1.09	\$ 26,470,500	\$ 42,161,876	\$ 10,655,018	\$ 9,162,192	\$ 10,681,630	\$ 10,820,922	\$ 17,498,964	\$ 100,980,603	\$ 74,510,103	2.73%	\$ 2,031,904
16	2024	1.10	\$ 26,470,500	\$ 42,583,494	\$ 10,761,569	\$ 9,253,814	\$ 10,788,447	\$ 10,929,131	\$ 17,673,954	\$ 101,990,409	\$ 75,519,909	2.70%	\$ 2,036,251
17	2025	1.12	\$ 26,470,500	\$ 43,009,329	\$ 10,869,184	\$ 9,346,352	\$ 10,896,331	\$ 11,038,423	\$ 17,850,694	\$ 103,010,313	\$ 76,539,813	2.67%	\$ 2,040,510
18	2026	1.13	\$ 26,470,500	\$ 43,439,423	\$ 10,977,876	\$ 9,439,816	\$ 11,005,294	\$ 11,148,807	\$ 18,029,200	\$ 104,040,416	\$ 77,569,916	2.64%	\$ 2,044,682
19	2027	1.14	\$ 26,470,500	\$ 43,873,817	\$ 11,087,655	\$ 9,534,214	\$ 11,115,347	\$ 11,260,295	\$ 18,209,492	\$ 105,080,821	\$ 78,610,321	2.61%	\$ 2,048,768
20	2028	1.15	\$ 26,470,500	\$ 44,312,555	\$ 11,198,531	\$ 9,629,556	\$ 11,226,501	\$ 11,372,898	\$ 18,391,587	\$ 106,131,629	\$ 79,661,129	2.58%	\$ 2,052,769
21	2029	1.16	\$ 26,470,500	\$ 44,755,681	\$ 11,310,517	\$ 9,725,852	\$ 11,338,766	\$ 11,486,627	\$ 18,575,503	\$ 107,192,945	\$ 80,722,445	2.55%	\$ 2,056,686
22	2030	1.17	\$ 26,470,500	\$ 45,203,237	\$ 11,423,622	\$ 9,823,110	\$ 11,452,153	\$ 11,601,493	\$ 18,761,258	\$ 108,264,874	\$ 81,794,374	2.52%	\$ 2,060,521
23	2031	1.18	\$ 26,470,500	\$ 45,655,270	\$ 11,537,858	\$ 9,921,341	\$ 11,566,675	\$ 11,717,508	\$ 18,948,871	\$ 109,347,523	\$ 82,877,023	2.50%	\$ 2,064,273
24	2032	1.20	\$ 26,470,500	\$ 46,111,823	\$ 11,653,237	\$ 10,020,555	\$ 11,682,342	\$ 11,834,683	\$ 19,138,360	\$ 110,440,998	\$ 83,970,498	2.47%	\$ 2,067,945
25	2033	1.21	\$ 26,470,500	\$ 46,572,941	\$ 11,769,769	\$ 10,120,760	\$ 11,799,165	\$ 11,953,030	\$ 19,329,743	\$ 111,545,408	\$ 85,074,908	2.44%	\$ 2,071,537
26	2034	1.22	\$ 26,470,500	\$ 47,038,670	\$ 11,887,467	\$ 10,221,968	\$ 11,917,157	\$ 12,072,560	\$ 19,523,041	\$ 112,660,862	\$ 86,190,362	2.41%	\$ 2,075,050
27	2035	1.23	\$ 26,470,500	\$ 47,509,057	\$ 12,006,341	\$ 10,324,187	\$ 12,036,328	\$ 12,193,286	\$ 19,718,271	\$ 113,787,471	\$ 87,316,971	2.38%	\$ 2,078,485
	2036		Collections for TID Year 27										\$ 2,081,842
Total Proceeds, 2009-2036 (Not Discounted)													\$ 43,876,083

Bonding

Interest Rate on Bonds	4.75%
Cost of Funds (Local Government Investment Pool)	4.0%
Issuance Costs @	1.0%
Capitalized Interest Allowance @	10.0%
Assumed Level P&I Payments	15

Funding Structure

Assumed Bonding	Assumed Year	Amount	Plus Issuance Costs	Capitalized Interest	Total Issuance
Previously Authorized/Bonded TID Expenditures [1]	2013	\$ 391,974	\$ 3,920	\$ 15,434	\$ 411,327
Previously Authorized/Net Yet Bonded TID Expenditures [2]	2014	\$ 5,825,796	\$ 58,258	\$ 653,784	\$ 6,537,838
Proposed - Infrastructure & Florida Lofts	2014	\$ 2,322,000	\$ 23,220	\$ 260,580	\$ 2,605,800

[1] Amount and issuance costs estimated based on Total Issuance and Capitalized Interest figures from DPD. [2] Includes infrastructure and BID Loan.

TID Year	Calendar Year	Projected Incremental Property Taxes	BID Loan Repayment to TID	Debt Service									TID Payoff Analysis				
				Previously Authorized/Bonded			Previously Authorized/Not Yet Bonded			Proposed - Infrastructure & Florida Lofts			Annual Surplus/ (Shortfall)	Cumulative Fund Balance	Interest Earnings/ (Carry Cost) on Cuml. Balance	TID Could Repay Outstanding Principal	
				TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance	TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance	TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance					
1	2009	\$ -	\$ -	\$ -			\$ -				\$ -			\$ -	\$ -	\$ -	NO
2	2010	\$ -	\$ -	\$ -			\$ -				\$ -			\$ -	\$ -	\$ -	NO
3	2011	\$ -	\$ -	\$ -			\$ -				\$ -			\$ -	\$ -	\$ -	NO
4	2012	\$ 159,517	\$ -	\$ -			\$ -				\$ -			\$ 159,517	\$ 159,517	\$ 6,381	NO
5	2013	\$ 266,507	\$ -	\$ 411,327	\$ 63,012	\$ 411,327	\$ -				\$ -			\$ 203,495	\$ 369,393	\$ 14,776	NO
6	2014	\$ 655,718	\$ -	\$ -	\$ 17,864	\$ 357,273	\$ 6,537,838			\$ 6,537,838	\$ 2,605,800		\$ 2,605,800	\$ 637,854	\$ 1,022,023	\$ 40,881	NO
7	2015	\$ 952,530	\$ 32,962	\$ -	\$ 17,864	\$ 357,273	\$ -			\$ 6,537,838	\$ -		\$ 2,605,800	\$ 967,628	\$ 2,030,532	\$ 81,221	NO
8	2016	\$ 1,192,656	\$ 32,962	\$ -	\$ 17,864	\$ 357,273	\$ -			\$ 6,537,838	\$ -		\$ 2,605,800	\$ 1,207,754	\$ 3,319,507	\$ 132,780	NO
9	2017	\$ 1,440,930	\$ 32,962	\$ -	\$ 17,864	\$ 357,273	\$ -	\$ 619,271	\$ 6,229,114	\$ -	\$ 246,824	\$ 2,482,751	\$ 589,933	\$ 4,042,220	\$ 161,689	NO	
10	2018	\$ 1,554,683	\$ 32,962	\$ -	\$ 70,941	\$ 302,835	\$ -	\$ 619,271	\$ 5,905,726	\$ -	\$ 246,824	\$ 2,353,858	\$ 650,608	\$ 4,854,517	\$ 194,181	NO	
11	2019	\$ 1,560,131	\$ 32,962	\$ -	\$ 69,625	\$ 246,955	\$ -	\$ 619,271	\$ 5,566,976	\$ -	\$ 246,824	\$ 2,218,841	\$ 657,372	\$ 5,706,070	\$ 228,243	NO	
12	2020	\$ 1,565,485	\$ 32,962	\$ -	\$ 69,467	\$ 188,371	\$ -	\$ 619,271	\$ 5,212,136	\$ -	\$ 246,824	\$ 2,077,412	\$ 662,884	\$ 6,597,198	\$ 263,888	NO	
13	2021	\$ 1,570,745	\$ 32,962	\$ -	\$ 68,295	\$ 127,985	\$ -	\$ 619,271	\$ 4,840,441	\$ -	\$ 246,824	\$ 1,929,265	\$ 669,317	\$ 7,530,402	\$ 301,216	YES	
14	2022	\$ 1,575,914	\$ 32,962	\$ -	\$ 67,034	\$ 65,796	\$ -	\$ 619,271	\$ 4,451,090	\$ -	\$ 246,824	\$ 1,774,081	\$ 675,746	\$ 8,507,365	\$ 340,295	YES	
15	2023	\$ 1,580,991	\$ 32,962	\$ -	\$ 67,441	\$ -	\$ -	\$ 619,271	\$ 4,043,246	\$ -	\$ 246,824	\$ 1,611,525	\$ 680,417	\$ 9,528,077	\$ 381,123	YES	
16	2024	\$ 1,585,979	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 3,616,029	\$ -	\$ 246,824	\$ 1,441,248	\$ 752,845	\$ 10,662,045	\$ 426,482	YES	
17	2025	\$ 1,590,878	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 3,168,518	\$ -	\$ 246,824	\$ 1,262,883	\$ 757,744	\$ 11,846,271	\$ 473,851	YES	
18	2026	\$ 1,595,688	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 2,699,752	\$ -	\$ 246,824	\$ 1,076,046	\$ 762,555	\$ 13,082,677	\$ 523,307	YES	
19	2027	\$ 1,600,412	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 2,208,718	\$ -	\$ 246,824	\$ 880,334	\$ 767,279	\$ 14,373,263	\$ 574,931	YES	
20	2028	\$ 1,605,051	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 1,694,361	\$ -	\$ 246,824	\$ 675,325	\$ 771,917	\$ 15,720,111	\$ 628,804	YES	
21	2029	\$ 1,609,604	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 1,155,572	\$ -	\$ 246,824	\$ 460,579	\$ 776,471	\$ 17,125,386	\$ 685,015	YES	
22	2030	\$ 1,614,074	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 591,190	\$ -	\$ 246,824	\$ 235,632	\$ 747,978	\$ 18,558,379	\$ 742,335	YES	
23	2031	\$ 1,618,461	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ -	\$ -	\$ 246,824	\$ 0	\$ 752,365	\$ 20,053,080	\$ 802,123	YES	
24	2032	\$ 1,622,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 1,622,766	\$ 22,477,969	\$ 899,119	YES	
25	2033	\$ 1,626,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 1,626,991	\$ 25,004,078	\$ 1,000,163	YES	
26	2034	\$ 1,631,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 1,631,135	\$ 27,635,376	\$ 1,105,415	YES	
27	2035	\$ 1,635,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 1,635,201	\$ 30,375,992	\$ 1,215,040	YES	
	2036	\$ 1,639,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 1,639,188	\$ 33,230,220	\$ 1,329,209	YES	
TOTALS		\$ 35,051,236	\$ 494,434	\$ 411,327	\$ 547,271	\$ -	\$ 6,537,838	\$ 9,289,072	\$ -	\$ 2,605,800	\$ 3,702,365	\$ 0	\$ 22,006,962	\$ 33,230,220	\$ 12,552,467		

Table 4: TID Amortization - Infrastructure Bonding under Full Development Scenario

Bonding

Interest Rate on Bonds	4.75%
Cost of Funds (Local Government Investment Pool)	4.0%
Issuance Costs @	1.0%
Capitalized Interest Allowance @	10.0%
Assumed Level P&I Payments	15

Funding Structure

Assumed Bonding	Assumed Year	Amount	Plus Issuance Costs	Capitalized Interest	Total Issuance
Previously Authorized/Bonded TID Expenditures [1]	2013	\$ 391,974	\$ 3,920	\$ 15,434	\$ 411,327
Previously Authorized/Net Yet Bonded TID Expenditures [2]	2014	\$ 5,825,796	\$ 58,258	\$ 653,784	\$ 6,537,838
Proposed - Infrastructure & Florida Lofts	2014	\$ 2,322,000	\$ 23,220	\$ 260,580	\$ 2,605,800
Proposed - Public/Private Venture Fund	2015	\$ 5,000,000	\$ 50,000	\$ 561,111	\$ 5,611,111

[1] Amount and issuance costs estimated based on Total Issuance and Capitalized Interest figures from DPD. [2] Includes infrastructure and BID Loan.

TID Year	Calendar Year	Projected Incremental Property Taxes	BID Loan Repayment to TID	Debt Service												TID Payoff Analysis				
				Previously Authorized/Bonded			Previously Authorized/Not Yet Bonded			Proposed - Infrastructure & Florida Lofts			Proposed - Public/Private Venture Fund			Annual Surplus/ (Shortfall)	Cumulative Fund Balance	Interest Earnings/ (Carry Cost) on Cuml. Balance	TID Could Repay Out- Standing Principal	
				TID- Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance	TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance	TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance	TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance					
1	2009	\$ -	\$ -	\$ -			\$ -			\$ -			\$ -			\$ -	\$ -	\$ -	NO	
2	2010	\$ -	\$ -	\$ -			\$ -			\$ -			\$ -			\$ -	\$ -	\$ -	NO	
3	2011	\$ -	\$ -	\$ -			\$ -			\$ -			\$ -			\$ -	\$ -	\$ -	NO	
4	2012	\$ 159,517	\$ -	\$ -			\$ -			\$ -			\$ -			\$ 159,517	\$ 159,517	\$ 6,381	NO	
5	2013	\$ 266,507	\$ -	\$ 411,327	\$ 63,012	\$ 357,273	\$ -			\$ -			\$ -			\$ 203,495	\$ 369,393	\$ 14,776	NO	
6	2014	\$ 655,718	\$ -	\$ -	\$ 17,864	\$ 357,273	\$ 6,537,838			\$ 6,537,838	\$ 2,605,800	\$ 2,605,800	\$ -			\$ 637,854	\$ 1,022,023	\$ 40,881	NO	
7	2015	\$ 952,530	\$ 32,962	\$ -	\$ 17,864	\$ 357,273	\$ -			\$ 6,537,838	\$ -	\$ 2,605,800	\$ 5,611,111			\$ 967,628	\$ 2,030,532	\$ 81,221	NO	
8	2016	\$ 1,224,849	\$ 32,962	\$ -	\$ 17,864	\$ 357,273	\$ -			\$ 6,537,838	\$ -	\$ 2,605,800	\$ -			\$ 1,239,947	\$ 3,351,700	\$ 134,068	NO	
9	2017	\$ 1,714,579	\$ 32,962	\$ -	\$ 17,864	\$ 357,273	\$ -	\$ 619,271	\$ 6,229,114	\$ -	\$ 246,824	\$ 2,482,751	\$ -			\$ 5,611,111	\$ 863,582	\$ 4,349,350	\$ 173,974	NO
10	2018	\$ 2,008,813	\$ 32,962	\$ -	\$ 70,941	\$ 302,835	\$ -	\$ 619,271	\$ 5,905,726	\$ -	\$ 246,824	\$ 2,353,858	\$ -	\$ 531,491	\$ 5,346,148	\$ 573,247	\$ 5,096,571	\$ 203,863	NO	
11	2019	\$ 2,013,615	\$ 32,962	\$ -	\$ 69,625	\$ 246,955	\$ -	\$ 619,271	\$ 5,566,976	\$ -	\$ 246,824	\$ 2,218,841	\$ -	\$ 531,491	\$ 5,068,599	\$ 579,366	\$ 5,879,800	\$ 235,192	NO	
12	2020	\$ 2,018,325	\$ 32,962	\$ -	\$ 69,467	\$ 188,371	\$ -	\$ 619,271	\$ 5,212,136	\$ -	\$ 246,824	\$ 2,077,412	\$ -	\$ 531,491	\$ 4,777,867	\$ 584,234	\$ 6,699,226	\$ 267,969	NO	
13	2021	\$ 2,022,942	\$ 32,962	\$ -	\$ 68,295	\$ 127,985	\$ -	\$ 619,271	\$ 4,840,441	\$ -	\$ 246,824	\$ 1,929,265	\$ -	\$ 531,491	\$ 4,473,325	\$ 590,023	\$ 7,557,217	\$ 302,289	NO	
14	2022	\$ 2,027,468	\$ 32,962	\$ -	\$ 67,034	\$ 65,796	\$ -	\$ 619,271	\$ 4,451,090	\$ -	\$ 246,824	\$ 1,774,081	\$ -	\$ 531,491	\$ 4,154,317	\$ 595,810	\$ 8,455,316	\$ 338,213	NO	
15	2023	\$ 2,031,904	\$ 32,962	\$ -	\$ 67,441	\$ -	\$ -	\$ 619,271	\$ 4,043,246	\$ -	\$ 246,824	\$ 1,611,525	\$ -	\$ 531,491	\$ 3,820,156	\$ 599,839	\$ 9,393,367	\$ 375,735	NO	
16	2024	\$ 2,036,251	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 3,616,029	\$ -	\$ 246,824	\$ 1,441,248	\$ -	\$ 531,491	\$ 3,470,123	\$ 671,626	\$ 10,440,728	\$ 417,629	YES	
17	2025	\$ 2,040,510	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 3,168,518	\$ -	\$ 246,824	\$ 1,262,883	\$ -	\$ 531,491	\$ 3,103,463	\$ 675,885	\$ 11,534,243	\$ 461,370	YES	
18	2026	\$ 2,044,682	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 2,699,752	\$ -	\$ 246,824	\$ 1,076,046	\$ -	\$ 531,491	\$ 2,719,387	\$ 680,057	\$ 12,675,669	\$ 507,027	YES	
19	2027	\$ 2,048,768	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 2,208,718	\$ -	\$ 246,824	\$ 880,334	\$ -	\$ 531,491	\$ 2,317,067	\$ 684,143	\$ 13,866,839	\$ 554,674	YES	
20	2028	\$ 2,052,769	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 1,694,361	\$ -	\$ 246,824	\$ 675,325	\$ -	\$ 531,491	\$ 1,895,636	\$ 688,144	\$ 15,109,657	\$ 604,386	YES	
21	2029	\$ 2,056,686	\$ 32,962	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 1,155,572	\$ -	\$ 246,824	\$ 460,579	\$ -	\$ 531,491	\$ 1,454,188	\$ 692,062	\$ 16,406,105	\$ 656,244	YES	
22	2030	\$ 2,060,521	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ 591,190	\$ -	\$ 246,824	\$ 235,632	\$ -	\$ 531,491	\$ 991,771	\$ 662,934	\$ 17,725,284	\$ 709,011	YES	
23	2031	\$ 2,064,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 619,271	\$ -	\$ -	\$ 246,824	\$ 0	\$ -	\$ 531,491	\$ 507,390	\$ 666,687	\$ 19,100,981	\$ 764,039	YES	
24	2032	\$ 2,067,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ 531,491	\$ (0)	\$ 1,536,454	\$ 21,401,475	\$ 856,059	YES	
25	2033	\$ 2,071,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ (0)	\$ 2,071,537	\$ 24,329,070	\$ 973,163	YES	
26	2034	\$ 2,075,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ (0)	\$ 2,075,050	\$ 27,377,283	\$ 1,095,091	YES	
27	2035	\$ 2,078,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ (0)	\$ 2,078,485	\$ 30,550,859	\$ 1,222,034	YES	
	2036	\$ 2,081,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ (0)	\$ 2,081,842	\$ 33,854,735	\$ 1,354,189	YES	
TOTALS		\$ 43,876,083	\$ 494,434	\$ 411,327	\$ 547,271	\$ -	\$ 6,537,838	\$ 9,289,072	\$ -	\$ 2,605,800	\$ 3,702,365	\$ 0	\$ 5,611,111	\$ 7,972,362	\$ (0)	\$ 22,859,447	\$ 33,854,735	\$ 12,349,478		

Appendix 1: TID Assumptions

DRAFT

City of Milwaukee
Reed Street Yards Feasibility Update
APPENDIX 1 - Assumptions

DRAFT

6/3/2014

Bonding [1]

Interest Rate on Bonds	4.75%		
Cost of Funds (Local Government Investment Pool)	4.0%		
Issuance Costs @	1.0%		
Capitalized Interest Allowance @	10.0%		
Assumed Level P&I Payments	15		
Infrastructure Phasing	Bonding Year	Baseline	Full Development
Previously Authorized/Bonded Costs	2013	\$391,974	\$391,974
Previously Authorized/Not Yet Bonded Costs [2]	2014	\$5,825,796	\$5,825,796
Proposed - Infrastructure & Florida Lofts Costs	2014	\$2,322,000	\$2,322,000
Proposed - Public/Private Venture Fund	2015	\$0	\$5,000,000

[1] All bonding assumptions per discussions with Comptroller's office.

[2] Includes BID loan amount of \$354,000. Total based on the total amount of \$6,217,770 in previously authorized costs and estimated net proceeds amount of previously bonded costs.

Rates

General Inflation	1.0%
2013 Net Property Tax Rate [1]	3.062%
Tax Rate: Compounded Rate of Change [2]	-1.13%
Tax Collection Rate [3]	100%

[1] City of Milwaukee Assessor.

[2] City of Milwaukee Assessor, *SB Friedman Analysis*. Based on 20-year compounded rate of change.

[3] *SB Friedman* assumption.

TID 75 - Reed Street Yards

Total 2009 Base Value of TID		City of Milwaukee and Assessment Commissioner	
		\$26,470,500	
Inflationary (Non-Development) Taxkeys [1]	Baseline	Full Development	
2009 Assessed Value	\$19,765,500	\$19,297,938	
2010 Assessed Value	\$19,621,000	\$19,153,438	
2011 Assessed Value	\$25,626,500	\$25,158,938	
2012 Assessed Value	\$28,280,900	\$27,813,338	
2013 Assessed Value	\$38,128,200	\$37,660,638	
2014 Assessed Value	\$39,485,382	\$38,550,282	

[1] City of Milwaukee DCD and Assessment Commissioner. Amounts adjusted per conversation with David Piedt 5/28/2014 and 2013 City of Milwaukee Assessments and Taxes report, prepared by the Assessment Commissioner, City of Milwaukee Assessor's Office.

Water Council Building Valuation

2009 Base Value	\$984,000	City of Milwaukee	
Total Building SF	98,035	Assessor records	
Total Leasable SF	85,554	Assessor records	
Current 2014 AV	7,450,000	Assessor records	
Projected AV per Gross SF of Building at Stabilization	\$99		
Projected Total AV at Stabilization [1]	\$9,742,308		
Valuation Phasing Year	Projected New Value	Actual/Projected Total Value	Percent Stabilization
2009		\$984,000	
2010		\$976,000	
2011		\$976,000	
2012		\$958,000	
2013		\$947,000	
2014		\$7,450,000	76%
2015	\$2,292,308	\$9,742,308	100%
2016			
2017			
2018			

[1] Based on current value & percent occupancy

234 Florida Valuation

2009 Base Value	\$2,985,000	City of Milwaukee	
Total Building SF	109,727	Assessor records	
Total Leasable SF	90,762	Assessor records	
Support Area SF (not assessed)	18,965		
Current 2014 AV	6,899,000		
Projected AV per Gross SF at Stabilization	\$76		
Projected Total AV at Stabilization [1]	\$8,377,357		
Valuation Phasing Year	Projected New Additional Value	Actual/Projected Total Value	Percent Stabilization
2009		\$2,985,000	
2010		\$2,985,000	
2011		\$3,079,000	
2012		\$3,451,000	
2013		\$5,854,000	
2014		\$6,899,000	82%
2015	\$595,913	\$7,494,913	89%
2016	\$595,913	\$8,090,826	97%
2017	\$286,532	\$8,377,357	100%
2018			

[1] Based on current value & percent occupancy

Florida Lofts (Coakley) Apartments

2009 Base Value	\$2,136,000	City of Milwaukee	
Apartment Units	98	Developer letter American Design;	
Projected AV per unit at Stabilization	\$97,000	Assessor's Office	
SF Retail Space	17,376	Developer letter American Design;	
Projected AV per SF at Stabilization	\$15	Assessor's Office	
Projected Total AV at Stabilization	\$9,766,640		
Valuation Phasing Year	Projected New Additional Value	Actual /Projected Total Value	Percent Stabilization
2009		\$2,136,000	
2010		\$2,119,000	
2011		\$2,119,000	
2012		\$2,079,000	
2013		\$2,056,000	
2014		\$3,200,000	
2015	\$111,585	\$3,311,585	34%
2016	\$4,903,055	\$8,214,640	84%
2017	\$1,552,000	\$9,766,640	100%
2018			

Tannery Apartments

2009 Base Value	\$600,000	City of Milwaukee	
Apartment Units - Beam House Phase I	64	Developer	
Apartment Units - Docks Phase II	38	Developer	
Total	102		
Projected AV per unit at Stabilization	\$97,000		
Projected Total AV at Stabilization	\$9,894,000		
Valuation Phasing Year	Projected New Additional Value	Actual /Projected Total Value	Percent Stabilization
2009		\$600,000	
2010		\$600,000	
2011		\$600,000	
2012		\$600,000	
2013		\$900,000	
2014		\$900,000	
2015	\$4,726,000	\$5,626,000	57%
2016	\$2,522,000	\$8,148,000	82%
2017	\$1,746,000	\$9,894,000	100%
2018			

Water Technology Buildings [1]

2009 Base Value (old taxkey)	\$2,282,300	City of Milwaukee	
Land SF - old taxkey	662,765	City of Milwaukee	
Land SF - new taxkey	135,777	City of Milwaukee	
AV Allocation (2009-2013)	20.5%		
Office SF - WaterTech One	80,000	Developer	
Office SF - WaterTech Two	80,000	Developer	
Total SF	160,000		
Projected AV per Gross SF at Stabilization	\$100		
Projected Total AV at Stabilization	\$16,000,000		
Valuation Phasing Year	Projected New Additional Value	Actual /Projected Total Value	Percent Stabilization
2009		\$467,562	
2010		\$467,562	
2011		\$467,562	
2012		\$467,562	
2013		\$467,562	
2014		\$935,100	
2015	\$2,000,000	\$2,000,000	13%
2016	\$8,000,000	\$10,000,000	63%
2017	\$6,000,000	\$16,000,000	100%
2018	\$0	\$16,000,000	100%

[1] The Water Technology project was located on taxkey 4280512114 between 2009 and 2013; in 2014 that taxkey was split into four separate taxkeys. Water Technology Buildings One and Two are both located on the same new taxkey 4281022000 in 2014. Historic assessed values for the old taxkey were allocated based on land square footage between 2009 and 2013; 2014 assessed value reflects the actual new taxkey amount.

Appendix 2: Limitations

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LIMITATIONS OF ENGAGEMENT

Our report is based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings/teleconferences during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the report to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include without limitation economic growth trends, governmental actions, changes in assessment practices, changes in the TIF statute, interest rates and other factors. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our report is intended solely for your information, for purposes of amending a Tax Incremental Financing district. It should not be relied upon by any other person, firm or corporation or for any other purposes. Neither the report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan, or other agreement or document intended for use in obtaining funds from individual investors.

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