

AMENDMENT NO. 2

**PROJECT PLAN FOR TAX INCREMENTAL FINANCING DISTRICT NO.
22
(Beerline “B”)**

CITY OF MILWAUKEE

Public Hearing Held: July 14, 2009

Redevelopment Authority Adopted : July, 14, 2009

Common Council Adopted:

Joint Review Board Adopted:

**AMENDMENT NO. 2 to the PROJECT PLAN for
TAX INCREMENTAL FINANCING DISTRICT NUMBER 22
CITY OF MILWAUKEE
(Beerline “B”)**

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.

The Common Council created Tax Incremental District Number 22 in 1993 for the purpose of facilitating redevelopment efforts along the Milwaukee River within and adjacent to the former Beer Line railroad right-of-way. This amendment will expand the district boundaries and allow the district to provide financial assistance for additional redevelopment.

The Riverwalk located adjacent to the Schlitz Rivercenter will be reconstructed to comply with existing design guidelines and repair damage caused by a dockwall failure. The City of Milwaukee participates in Riverwalk funding and will contribute a grant of approximately \$596,000 toward the eligible Riverwalk costs in connection with the Schlitz Rivercenter Riverwalk. The City will also provide \$327,000 as a loan to the property owner for the remaining cost of the Riverwalk which will be paid back to the TID over a 10 year period. In addition the properties located at 1701-1721 North Water Street will be included within the boundaries of this Tax Increment District to accommodate the future development of 592 linear feet of Riverwalk at this location. It is estimated that the future cost of this Riverwalk will be approximately \$2 million.

TID 22 has incurred project costs, to date, of \$20,357,269, all for public way and facilities development. The TID has achieved an increase in incremental property value of \$147,609,300.

In summary, Amendment No. 2 to the Project Plan will provide \$3,223,000 for the purposes of reconstructing 1,121 linear feet of Riverwalk adjacent to the Schlitz Rivercenter and for the construction of 592 linear feet of Riverwalk adjacent to the property at 1701 – 1721 North Water Street. In addition, the Project Plan will fund \$300,000 for administration purposes.

This amendment is submitted in fulfillment of the requirements of section 66.46, Wisconsin Statutes.

Amendments to the Project Plan:

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

Replace the text in section II.A, Statement of Tax Incremental District Boundaries, with the following:

Tax Incremental District Number Twenty-Two, City of Milwaukee (herein named TID-22) is comprised of a tract of land located generally between North Palmer Street, East Vine Street, East Reservoir Avenue, East North Avenue, the Milwaukee River and its extensions, North Water Street and West Cherry Street.

The District encompasses a contiguous geographic area within the city that is more precisely bounded as shown on Map No. 1, titled Amended Boundary. TID-22 consists solely of whole units of property, rivers and highways that are continuously bounded on either or both sides by whole units of property as are assessed for general tax purposes (Exhibit 1, as amended). The perimeter boundary of the District (Exhibit 2, as amended) delineates a tract of land containing 76.4 acres, more or less, exclusive of public streets, alleys, and rivers.

The Beer Line “A”, “B”, “C” redevelopment project areas, previously declared “blighted areas in need of blight elimination and urban renewal” in resolutions duly approved by the Common Council of the City of Milwaukee, are located partially or wholly within the boundaries of TID-22. These resolutions and the redevelopment plans governing these projects are incorporated herein by reference. Fifty-one percent or 38.9 acres of the net land area of real property within the amended District was found to be “blighted area” or “blighting influence”. Fourteen percent or 10.8 acres, of the net land area of real property within the amended District was found to be vacant property. The District as amended therefore meets at least one of the criteria set forth in section 66.46(4)(gm)4a., Wisconsin Statutes, for the creation of the tax incremental district, and the percent of vacant property within the amended District does not exceed 25 percent of the area in the District.

Replace the text in section III.B.1.b., “Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements” with the following:

To date, approximately \$20,327,530 has been spent on public improvements pursuant to this project plan. The plan, as amended, calls for the following additional expenditures:

No.	Improvement	Est. Cost
1	Reconstruction of Schlitz Rivercenter Riverwalk	\$ 923,000
2	Construction of Riverwalk, 1701 - 1721 N. Water Street	\$ 2,000,000
3	Administration	\$ 300,000
	Total	\$ 3,223,000
	Total including previous expenditures:	\$ 23,580,269

Replace Table A in Section III.B.2. “Detailed List of Estimated Project Costs” with the following:

Table A
List of Estimated Project Costs ¹

a.	Capital Costs:	
	To Date:	\$20,357,269
	Riverwalks, public way & facilities development, property Acquisition, relocation and demolition	
	Amendment No. 2; Grants & Loans to RACM for:	
	Riverwalk Development	\$ 2,923,000
b.	Administrative Costs	\$ 300,000
	Total Estimated Project Costs, excluding financing	\$23,580,269
c.	Financing Costs	
	To Date	\$ 1,231,223
	Amendment No. 2	\$17,670,628
	Total Interest	\$18,901,851

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. The improvements necessitated by this project may be modified as to kind, number, location and the costs reallocated at any time during project execution based on more definitive architectural or engineering studies or construction plans without further amendment of this plan.

Add to section III.B.3. “Description of Timing and Methods of Financing”:

Schedule A
Estimated Timing of Project Costs

Year	Estimated Project Costs	Cumulative Total
2009	1,023,000	
2010 - 2011	2,200,000	3,223,000

b. Estimated Method of Financing Project Costs

Sale of General Obligation Bonds: \$3,223,000

Add to section III.B.4. “Economic Feasibility Study”:

The Economic Feasibility Study for Amendment No. 2 to this plan, prepared by the Milwaukee Department of City Development and titled Economic Feasibility Study for Amendment No. 2, Tax Incremental District No. 22, (Beerline B), is attached hereto as Exhibit 2.

Based upon the anticipated tax incremental revenue, the District is expected to fully recover project costs by 2015 – five years before the statutory end of the District. Accordingly, the District is determined to be feasible.”

Add to section IV. EXHIBITS:

1. Statutory Criteria Analysis (attached)
2. Boundary Description (attached)
3. Feasibility Study (attached)

ATTACHMENTS

Map 1: Amended Boundary

Exhibit 1: Statutory Criteria Analysis

Exhibit 2: Boundary Description

Exhibit 3: Feasibility Study

Exhibit 1: Statutory Criteria Analysis - Vacant Parcels and Parcels Blighted or in Need of Conservation

Parcel No.	Taxkey	HNR	DIR	Street Name	Owner	SQ. FT	2008 Land	2008 IMPRV	VACANT	BLIGHTED
1	3610184112	1505	N	Rivercenter	Schitz Rivercenter LLC	634,300	\$19,029,000	\$8,971,000		
2	3540920000	1701	N	Water	GS Family Limited Partnership	32,219	\$966,600	\$500		
3	3540918100	1709	N	Water	GS Family Limited Partnership	25,265	\$698,000	\$100		
4	3540917100	1715	N	Water	GS Family Limited Partnership	10,132	\$304,000	\$100		
5	3540916100	1721	N	Water	GS Family Limited Partnership	31,900	\$657,100	\$100		
subtotal:						733,816				

Totals, 1993 Plan + Amendment No. 1	2,585,974		
Grand Total, 1993 Plan, Amendment No. 1 & Amendment No. 2	3,319,790	470,450	1,693,745
Percent of Total Area		14.2%	51.02%

Economic Feasibility Study for Amendment No. 2, Tax Increment District No. 22 (Beerline B).

The City of Milwaukee is proposing to expand the boundary of TID No. 22 to enable the funding of riverwalk repairs and upgrades, as more particularly set forth in Amendment No. 2 to this TID Project Plan. The estimated cost of this work is \$3,215,000.

An overview of TID 22, as set forth in the 2008 Annual Report of Milwaukee's Tax Incremental Districts, is attached. The basic financial highlights for this District are:

- Total funds appropriated for the District: \$26,269,069
- Expenditures through 12/08 : \$20,357,269
- Debt issued for project costs: \$17,607,146
- Additional debt needed to finance remaining and proposed new costs: \$11,948,636
- Incremental Value achieved through 2008: \$147,609,300
- Incremental Revenue received in 2008: \$3,540,500.
- District Value reported to Dept. of Revenue for 2009: \$154,362,600; up 1.6%

Given the forgoing, we have generated the attached forecast of cash flow for the District, assuming the additional debt, shown above, is issued for remaining and proposed new project costs, and annual incremental revenue remains unchanged over the balance of the District's life. As shown in the forecast and supporting schedules, the District is expected to fully recover project costs by 2015 – five years before the statutory end of District.

Consequently, we believe Amendment No. 2 is feasible.

Beer Line B - TID 22
Forecast of Property Value and District Revenue
0% Annual Increase in Property Value

	District Value	Incremental Value ²	Tax Incremental Revenue ³	Loan Receipts	Other Revenue ⁴	Project Revenue	Current Debt Service ⁵	Future Debt Service ⁶	Cash Flow	Annual Carry Cost ⁷	Cumulative Carry Cost	Net Cash Flow	Debt Service Remaining
1993													
1994	2,711,300	(521,100)					1,891		(1,891)	(5,827)	(5,101)	5,827	40,058,614
1995	2,190,200	(587,100)					19,065		(19,065)	(6,035)	(11,136)	4,144	40,052,787
1996	2,124,200	(480,300)					68,145		(68,145)	(26,876)	(38,012)	7,811	40,046,752
1997	2,231,000	1,836,900	54,799		8,478	63,277	378,294		(240,899)	42,109	4,097	(93,198)	40,019,876
1998	4,548,200	3,946,800	190,377		967	254,641	454,683		(240,899)	14,636	18,733	(255,535)	40,013,344
1999	11,708,500	6,364,700	534,850		214,836	405,213	505,498		(123,653)	22,277	41,010	(494,663)	39,780,980
2000	14,126,400	18,966,100	783,421		49,946	584,996	684,930		(49,470)	64,885	105,895	(609,018)	39,440,652
2001	26,727,800	28,113,400	1,387,205		1,312,657	2,699,862	819,798		79,298	72,071	178,951	(530,706)	38,856,841
2002	35,875,100	52,530,700	1,583,479		3,875	1,587,354	951,995		1,880,064	107,259	286,210	(424,386)	38,065,592
2003	60,292,400	98,220,086	1,998,394			1,998,394	1,134,645		635,359	51,691	337,901	1,348,419	35,472,989
2004	105,389,500	147,609,300	3,173,774			2,322,523	1,206,720		863,749	36,318	374,219	2,759,518	33,937,326
2005	149,067,000	147,693,000	3,541,678	41,441		3,173,774	1,592,390		1,115,803	35,478	409,697	1,080,325	31,975,250
2006	186,381,100	147,693,000	3,541,678	41,441		3,541,678	1,915,321		1,581,384	(32,248)	417,271	1,541,562	29,688,205
2007	186,381,100	147,693,000	3,541,678	41,441		3,541,678	1,915,321		1,589,557	(39,103)	378,168	1,628,660	26,554,254
2008	186,381,100	147,693,000	3,541,678	41,441		3,541,678	1,927,970		1,49,188	(3,670)	374,498	1,52,858	22,981,452
2009	186,381,100	147,693,000	3,541,678	41,441		3,541,678	1,942,523		134,635	(3,312)	371,186	137,947	19,400,671
2010	186,381,100	147,693,000	3,541,678	41,441		3,541,678	1,893,404		183,754	(4,520)	366,665	188,275	15,772,440
2011	186,381,100	147,693,000	3,541,678	41,441		3,541,678	1,782,804		294,354	(7,241)	359,424	301,595	12,144,567
2012	186,381,100	147,693,000	3,541,678	41,441		3,541,678	1,638,537		438,621	(10,790)	348,634	449,412	8,515,486
2013	186,381,100	147,693,000	3,541,678	41,441		3,541,678	1,084,391		992,768	(24,422)	324,212	1,017,190	4,883,683
2014	186,381,100	147,693,000	3,541,678	41,441		3,541,678	463,000		1,614,158	(39,708)	284,504	1,653,866	1,248,332
2015	186,381,100	147,693,000	3,541,678	41,441		3,541,678	379,808		1,697,350	(41,755)	242,749	1,739,105	(2,400,651)
2016	186,381,100	147,693,000	3,541,678	41,441		3,541,678	1,304,860		772,298	(18,999)	223,751	1,946,994	(6,064,920)
2017	186,381,100	147,693,000	3,541,678	41,441		3,541,678	176,910		1,900,248	(46,746)	177,004	1,946,994	(9,731,236)
2018	186,381,100	147,693,000	3,541,678	41,441		3,541,678			3,541,678	(87,125)	89,879	3,628,803	(13,374,796)
2019	186,381,100	147,693,000	3,541,678	41,441		3,541,678							(17,046,103)
2020	186,381,100	147,693,000	3,541,678	41,441		3,541,678							(20,674,906)

From 1994 - 1999, district values are from the feasibility study dated 12-9-05. 2000-2008 values from the State web site.

Base value is \$2,711,300 for the years 1994-1998, \$7,761,700 thereafter. District value assumed to remain at \$155,371,000 from 2008 forward.

Revenue totals are from the TID financial statements. Tax increment revenue assumed to remain \$3,650,553 (08 actual) from 2008 forward.

See "Current Dist Svc" tab (2008 TID debt service schedules).

See "Future DS" tab, spread over 15.

1993-2008, from 2008 TID Cumulative Carrying Costs worksheet provided by the Comptroller's Office. 2008 forward, 2.46% (08 actual) times cash flow.

Beerline B - TID 22
Estimated Total Debt Service

Current debt service	24,583,858
Estimated future debt service	<u>15,474,030</u>
Total Estimated Debt Service	<u><u>40,057,888</u></u>

Beerline B - TID 22
Estimate of Future Debt Service

Current appropriation	26,269,069	
Current cap. int. appropriation deficit	71,713	
Proposed amendment	<u>3,215,000</u>	
Total appropriations (incl. cap. int.) needed to fund remaining and proposed costs		29,555,782
Current bond proceeds		<u>17,607,146</u>
Proceeds needed to complete plan		<u><u>11,948,636</u></u>
Annual Pymt at 5%, 10 years		<u><u>1,547,403</u></u>
Annual Pymt at 5%, 10 years	320,000	(41,441)