

AMENDMENT NO. 1

**PROJECT PLAN FOR TAX INCREMENTAL FINANCING DISTRICT NO.
49
(CATHEDRAL PLACE)**

CITY OF MILWAUKEE

Public Hearing Held: July 14, 2011

Redevelopment Authority Adopted: _____, 2011

Common Council Adopted: _____, 2011

Joint Review Board Adopted: _____, 2011

**AMENDMENT NO. 1 to the PROJECT PLAN for
TAX INCREMENTAL FINANCING DISTRICT NUMBER 49
CITY OF MILWAUKEE
(Cathedral Place)**

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 Number 49 (the "District") in 2002 for the purpose of facilitating development of a mixed-use building on the southwest corner of East Wells and North Jackson Streets called Cathedral Place. The building is comprised of 200,000 SF of office space, 24,000 SF of retail, 30 residential condominiums and 940 structured parking spaces. The building was completed in 2003.

Funding in the amount of \$25,400,000 was provided from the District to acquire the land, design and construct the parking structure, which is currently owned by the Redevelopment Authority. The District has achieved an increase in incremental property value of \$45.6 million and generates approximately \$1,100,000 annually in incremental tax and approximately \$900,000 annually in parking operating income. Currently, the District is expected to close-out following the 2015 levy.

In summary, Amendment No. 1 to the Project Plan will provide \$9.7 million for the purpose of providing the local match for the Milwaukee Streetcar Project in order to release federal funds for construction. The City of Milwaukee currently has \$54.9 million in federal funds dedicated for the construction of a downtown streetcar line. A locally preferred alternative for the Milwaukee Streetcar was approved in March 2010. The local match will be used for public infrastructure costs associated with the Milwaukee Streetcar project, within a half mile of the District boundary, per sec. 66.1105(2)(f)(1), Stats. The Milwaukee Streetcar will have a significant impact on economic development along the route, which will in turn benefit the entire City through an increased tax base and job creation.

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 C, "Plan Objectives," is deleted and restated, as follows:

"C. Plan Objectives

The first Plan objective was to assist in the development of a mixed use development comprised of a 200,000 square foot office building, 24,000 square feet of retail space, 30 residential condominiums totaling 58,700 square feet with an underground parking garage and an approximately 940-stall above grade parking garage.

In addition, the second Plan objective to fund the local match for the locally preferred alternative of the Milwaukee Streetcar.

The more detailed objectives of the Project Plan are to:

1. Increase the attractiveness of Milwaukee's downtown, as an office, shopping and residential location.
2. Strengthen the economic vitality of the downtown by introducing new stores and retailing formats, foster additional housing development, increasing parking supply and transportation alternatives, such as the Milwaukee Streetcar.
3. Promote the coordinated development of vacant or underutilized land for appropriate retail, residential, commercial/office, commercial service, parking and hotel uses.
4. Provide public improvements that are not feasible without public/private cooperation, including the Milwaukee Streetcar and other pedestrian amenities.
5. 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.
6. Provide a quality transportation option in the Milwaukee Streetcar, which will help the City attract the investment and talent it needs to strengthen and grow its economy.
7. Create new employment opportunities through short term construction jobs, as well as long term jobs related to the maintenance and operation of the Milwaukee Streetcar."

The following paragraph shall be added to Sub-Section D, "Proposed Public Action,":

"The City of Milwaukee or the Redevelopment Authority of the City of Milwaukee ("RACM") will issue bonds in the approximate amount of \$9,700,000 ("Infrastructure Bonds") to fund public infrastructure improvements for the Milwaukee Streetcar, within a half mile of the District, per sec. 66.1105(2)(f)(1), Stats."

II. PLAN PROPOSALS

Sub-Section A, is deleted and restated as follows:

"A. The following is a description of the kind, number and location of all proposed and completed Public Works or Improvements within the District:

- a. An eight story, 940 stall public parking structure located in the 700 block of North Jackson Street
- b. Capital costs associated with the Milwaukee Streetcar Project, including utility relocation, utility upgrades, track installation, pavement, curb bumpouts, stations and other infrastructure."

Sub-Section B, is deleted and restated as follows:

"B. The following is an estimate of project costs:

1.	Parking Structure (costs incurred to date):	\$25,400,000
2.	Amendment No. 1, Milwaukee Streetcar Infrastructure	\$9,700,000
3.	Total Estimated Project Costs, excluding financing	35,100,000
4.	Financing Costs	
	Capitalized Interest to Date	\$2,810,000
	Interest to Date	\$17,500,000
	Amendment No. 1 Capitalized Interest	\$1,088,566
	Amendment No. 1 Projected Interest	\$4,318,384
	Total Financing Costs	\$25,716,950

Sub-Section 3(a), “Description of Timing and Methods of Financing” is deleted and restated, as follows:

Schedule A
Estimated Timing of Project Costs

Year	<u>Estimated Project Costs</u>	<u>Cumulative Total</u>
Pre-2012	\$25,400,000	\$25,400,000
2012	\$1,000,000	\$26,400,000
2013	\$6,000,000	\$32,400,000
2014	\$2,700,000	\$35,100,000

Sub-Section 3(b), “Estimated Method of Financing Project Costs”, is deleted and restated as follows:

“Sale of a combination of RACM Revenue Bonds and/or City General Obligation Bonds up to: \$35,100,000”

Sub-Section 4, “Economic Feasibility Study”, is deleted and restated as follows:

The Economic Feasibility Study for Amendment No. 1 to this plan, prepared by S.B. Friedman & Co. and titled *Cathedral Place TID Amendment Economic Feasibility Study* dated June 30, 2011, is attached.

Based upon the anticipated tax incremental revenue and parking operations revenue to be generated by the District, the District shows a cumulative surplus by 2026, the 25th year of the District. Accordingly, the District is determined to be feasible.”

Sub-Section 6, “Map Showing Proposed Improvements and Uses:” Map No. 3 is deleted and replaced with “Amended Map No 3: Proposed Improvements and Uses”, attached.

Sub-Section 8, “List of Non-Project Costs”, is deleted and restated as follows:

“8. List of Non-Project Costs

To date, the District has achieved an incremental property value of \$45.6 million. Values in the District were \$47.6 million for real estate and taxable personal property in 2011. All of the increment has been generated by the Cathedral Place development.

The Milwaukee Streetcar project will cost a total of \$64.6 million and will add additional value to the District and surrounding properties.”

Sub-Section 10, “Statement Indicating How District Creation Promotes Orderly City Development”, is deleted and restated as follows:

The Milwaukee Streetcar is listed as a Catalytic Project in the City of Milwaukee’s 2010 Downtown Plan, which was part of the citywide comprehensive planning process. In addition, the Northeast Side Area Plan, Third Ward Area Plan and Citywide Policy Plan all speak to the importance of a fixed rail transit system for promoting urban development.

Opinion of City Attorney letter is deleted and replaced with the attached letter from the City Attorney dated _____.

Amended Map No 3: Proposed Improvements and Uses

