

AMENDMENT NO. 3

**PROJECT PLAN FOR
TAX INCREMENTAL FINANCING DISTRICT NO. 42
(Capitol Court/Midtown Center)**

CITY OF MILWAUKEE

Public Hearing Held: February 17, 2022

Redevelopment Authority Adopted:

Common Council Adopted:

Joint Review Board Adopted:

**AMENDMENT NO. 3 to the PROJECT PLAN for
TAX INCREMENTAL FINANCING DISTRICT NUMBER 42
CITY OF MILWAUKEE
(Capitol Court/Midtown Center)**

Introduction

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

Wis. Stat. 66.1105 (2)(f)1.n. permits, with Joint Review Board approval (Wis. Stat. 66.1105 (4m)(d)), inclusion in a project plan project costs incurred for territory located within a one half-mile of the district's boundaries and within the city that created the district.

Wis. Stat. 66.1105 (6)(f) allows an existing tax incremental district to donate positive tax increments to another existing tax incremental district if certain conditions are met.

The Common Council created Tax Incremental District No. 42 (Capitol Court/Midtown Center) (referred to as the "**District**" or "**TID 42**") in 2000 for the purpose of redeveloping the former Capital Court shopping mall into what is now called Midtown Center. At its creation, the District funded \$4,500,000 as a grant to the developer for public streets and infrastructure related to those redevelopment efforts, as well as \$100,000 in administrative costs.

In 2001, Amendment No. 1 to the District was approved, which increased the funding for public streets and infrastructure to \$6,500,000.

In 2013, Amendment No. 2 to the District was approved, which created a \$3,300,000 development funds to incentivize redevelopment efforts at Midtown, \$1,500,000 for street repaving and \$200,000 in administrative costs. The street repaving funding was later increased to \$2,125,000.

Amendment No. 3 would provide up to \$1,500,000 to fund traffic calming measures primarily on West Fond du Lac Avenue, West Congress Street, West Capitol Drive, North 60th Street and North 51st Boulevard; \$1,400,000 in paving and pedestrian improvements on various neighborhood streets; and \$100,000 in administrative expenses. The public infrastructure projects may include new pavement, traffic calming elements, sidewalks, street trees, landscaping, street lighting, streetscaping elements, stormwater management features, bicycle amenities, transit amenities, pedestrian amenities and related professional or administrative services. The Amendment also provides up to \$5,605,275 in donations from TID 42 to Tax Incremental District No. 74 (North 35th Street and West Capitol Drive) (referred to as "**TID 74**").

Amendments to the TID 42 Project Plan:

The following amendments are made to the TID 42 Project Plan. All other sections of the TID 42 Project Plan remain unchanged.

I. DESCRIPTION OF THE PROJECT

Sub-Section C, “Plan Objectives,” is amended by adding the following:

C. Plan Objectives

- 8. Provide public infrastructure improvements, including traffic calming measures primarily on West Fond du Lac Avenue, West Congress Street, West Capitol Drive, North 60th Street and North 51st Boulevard and paving and pedestrian improvements on various neighborhood streets.
- 9. Provide donations to another tax incremental district, TID 74, which has not created sufficient incremental revenue to recover the TID 74 project costs.

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

D. Proposed Public Action

Public Infrastructure. Provide up to \$1,500,000 to fund traffic calming measures primarily on West Fond du Lac Avenue, West Congress Street, West Capitol Drive, North 60th Street and North 51st Boulevard and \$1,400,000 in paving and pedestrian improvements on various neighborhood streets. The public infrastructure projects may include new pavement, traffic calming elements, sidewalks, street trees, landscaping, street lighting, streetscaping elements, stormwater management features, bicycle amenities, transit amenities, pedestrian amenities and related professional or administrative services.

Donations to TID 74. TID 74 was created in 2009 to provide \$15.6m in funding for the environmental remediation of Century City. To date, TID 74 has not generated any incremental value, despite a redetermination of its base value in 2014. Including interest, TID 74 currently has approximately \$24,798,205 in existing debt. This amendment would provide up to \$5,605,275 in donations from TID 42 (as the donor TID) to TID 74 (as the donee TID), per the below estimated annual payments:

	TID 42	Remaining Project Costs to Recover from TID 42	New Project Costs to Recover from TID 42	TID 74
Costs to be Recovered:		\$0	\$3,468,051	\$24,798,205
Cash Reserves:	(\$11,249,033)		\$3,468,051	
Donations from TID 42 to TID 74:				
2022	\$906,508			\$906,508
2023	\$917,443			\$917,443
2024	\$928,487			\$928,487
2025	\$939,642			\$939,642
2026	\$950,908			\$950,908
2027	\$962,287			\$962,287
TOTAL:	\$5,605,275			\$5,605,275

Calculations of remaining amounts to be recovered in the TID 42 District and TID 74 are attached as **Exhibits A and B.**

TID 42 is able to make donations to TID 74 because the following conditions have been met:

- TID 42 has not yet terminated (its statutory termination date is 2027) and the City of Milwaukee’s Redevelopment Authority created both TID 42 and TID 74 per Wis. Stat. 66.1105 (6)(f)1.
- The donor TID 42 and the recipient/donee TID 74 have the same overlying taxing jurisdictions per Wis. Stat. 66.1105 (6)(f)1.a.
- The Joint Review Board will have had to have approved the donations (allocation of tax increments) per Wis. Stat. 66.1105 (6)(f)1.b.
- The donations from TID 42 to TID 74 (the allocations of tax increments) that will be made hereunder are allowable under Wis. Stat. 66.1105(6)(f)2.b. because the recipient/donee TID 74 was created upon a finding, contained in City Common Council Resolution No. 090325, that not less than 50% by area of the real property within TID 74 was in need of rehabilitation.
- Allocations of positive tax increments (donations) from TID 42 cannot, and will not, be made until and unless TID 42 has first satisfied all of its current year debt service and project cost obligations per Wis. Stat. 66.1105 (6)(f)3. TID 42 has satisfied all of its current year debt service and project cost obligations.
- The City will not request or receive under Wis. Stat. 66.1105 (7)(am)2. an extension for the life of the donor TID 42 per Wis. Stat. 66.1105 (6)(f)4.

II. PLAN PROPOSALS

Sub-Section B.1, is amended by adding the following:

1. “Statement of the Kind, Number, and Location of All Proposed Public Works or Improvements.”

Funds generated from Amendment No. 3 to the District will be used for the following (shown in **Map No. 3, “Amendment No. 3 Proposed Uses and Improvements”**), within the District and within a one half-mile radius of the District boundary, per Section 66.1105(2)(f) Stats:

- Traffic Calming (\$1,500,000): traffic calming measures primarily on West Fond du Lac Avenue, West Congress Street, West Capitol Drive, North 60th Street and North 51st Boulevard.
- Street Repaving (\$1,400,000): paving and pedestrian improvements on various neighborhood streets.

Sub-Section B.2, is deleted and restated as follows:

The costs included in this subsection and detailed in Table B which follows are, without limitation because of enumeration, eligible project costs as defined under Section 66.1105(2)(f) and, if appropriate, in any development agreement(s) entered into by and between the City and eligible designated developer(s), provided further that such expenditures are necessitated by this Project Plan, as Amended.

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

Capital Costs

The City shall fund an estimated \$14,825,000 in the form of TID Capital Project Costs enumerated in further detail in **Table A** of this Plan.

TABLE A: TID Capital Project Costs	
Original and Amend 1 Public Streets and Infrastructure Grant	\$6,500,000
Development Funds (Amend No. 2)	\$3,300,000
Street Repaving (Amend No. 2)	\$2,125,000
Public Infrastructure (Amend No. 3)	\$2,900,000
TOTAL Capital Project Costs	\$14,825,000

Other Costs

This category of Project Costs includes estimates for administrative, professional, organizational, and legal costs.

Financing Costs

Financing costs include estimated gross interest expense on bonds that will be issued to pay for Project Costs. Estimates of bond interest are based on interest rates as set forth in the Economic Feasibility Analysis for this Project attached as “**Capitol Court/Midtown Center TID #42 Amendment No. 3 Feasibility.**”

TABLE B: Lists of Estimated Project Costs

A	<u>Capital:</u>	\$14,825,000
B	<u>Other:</u> Administrative, professional, organizational and legal (Original Project Plan and Amendments 1 and 2)	\$300,000
	Administrative (Amendment 3)	\$100,000
	Donations to TID 74 (Amendment 3)	\$5,605,275
	Total Estimated Project Costs, excluding financing	\$20,830,275
C	<u>Financing:</u> Interest	\$4,242,589

Sub-Section B.3, is deleted and restated as follows:

All expenditures are expected to be incurred during the period from 2001-2027.

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

Sub-Section B.4, is deleted and restated as follows:

The Economic Feasibility Study for this District is attached to this Amendment as, “**Capitol Court/Midtown Center TID #42 Amendment No. 3 Feasibility.**” The study establishes the dollar value of the Project Costs which, based on certain general assumptions and a reasonable margin of safety, can be financed with the revenues projected to be generated by the District.

Based upon the anticipated tax incremental revenue to be generated by the District, the District is financially feasible and is likely to be retired on or before year 2027

, the 27th year of the District. Accordingly, the District is determined to be feasible.

Sub-Section B.6, is amended by adding the following:

Please refer to **Amended Map No. 3, “Amendment No. 3 Proposed Uses and Improvements”** in the Exhibits Section and attached.

Sub-Section B.11, is amended by adding the following:

Opinion of City Attorney letter for Amendment No. 3 to the District is attached.

Exhibit A: Breakeven Analysis for TID 42 Midtown	
Life-to-date 12-31-21 project expenditures	\$ 9,379,710
Interest payments through December 31, 2020	3,774,110
Remaining encumbrance	-
Remaining appropriation	269,105
Projected future expenses	3,000,000
Add bond interest costs:	
Scheduled 2021 to maturity	428
Estimated interest on future borrowings	468,051
Total project costs	16,891,404
Life-to-date 12-31-20 project revenues	(144,436)
Bond proceeds in excess of principal debt service payments	(157,184)
Net project costs to be recovered through tax increments	16,589,784
Tax increments levied:	
2002	82,011
2003	867,446
2004	818,888
2005	1,294,215
2006	1,401,229
2007	1,469,485
2008	1,790,874
2009	1,858,586
2010	1,554,473
2011	1,364,079
2012	1,565,317
2013	1,598,092
2014	1,670,261
2015	1,670,410
2016	1,398,830
2017	937,021
2018	890,589
2019	923,713
2020	837,221
2021	860,709
Total tax increments levied	24,853,449
Remaining costs to recover	(8,263,664)
Remaining recovery years	7

Exhibit B: Calculation of Remaining Amount to be Recovered in TID 74	
Life-to-date 12-31-21 project expenditures	\$ 16,753,085
Interest payments through December 31, 2020	6,119,439
Remaining appropriation	-
Add bond interest costs:	
Scheduled 2021 to maturity	1,972,024
Carrying costs	44,900
Estimated future capitalized interest	-
Total project costs	24,889,448
Life-to-date 12-31-20 project revenues	(91,243)
Bond proceeds in excess of principal debt service payments	-
Net project costs to be recovered through tax increments	24,798,205
Tax increments levied:	
2009	-
2010	-
2011	-
2012	-
2013	-
2014	-
2015	-
2016	-
2017	-
2018	-
2019	-
Total tax increments levied	-
Amount to be recovered before donations	24,798,205
Projected Donations from TID 49	(7,754,926)
Projected Donations from TID 46	(4,268,344)
Projected Donations from TID 60	(1,362,550)
Projected Donations from TID 42	(5,605,275)
Projected Donations from TID 54	(2,839,648)
Remaining costs to recover	\$ 2,967,462
Remaining recovery years	15

Capitol Court/Midtown Center TID #42 Amendment No. 3 Feasibility

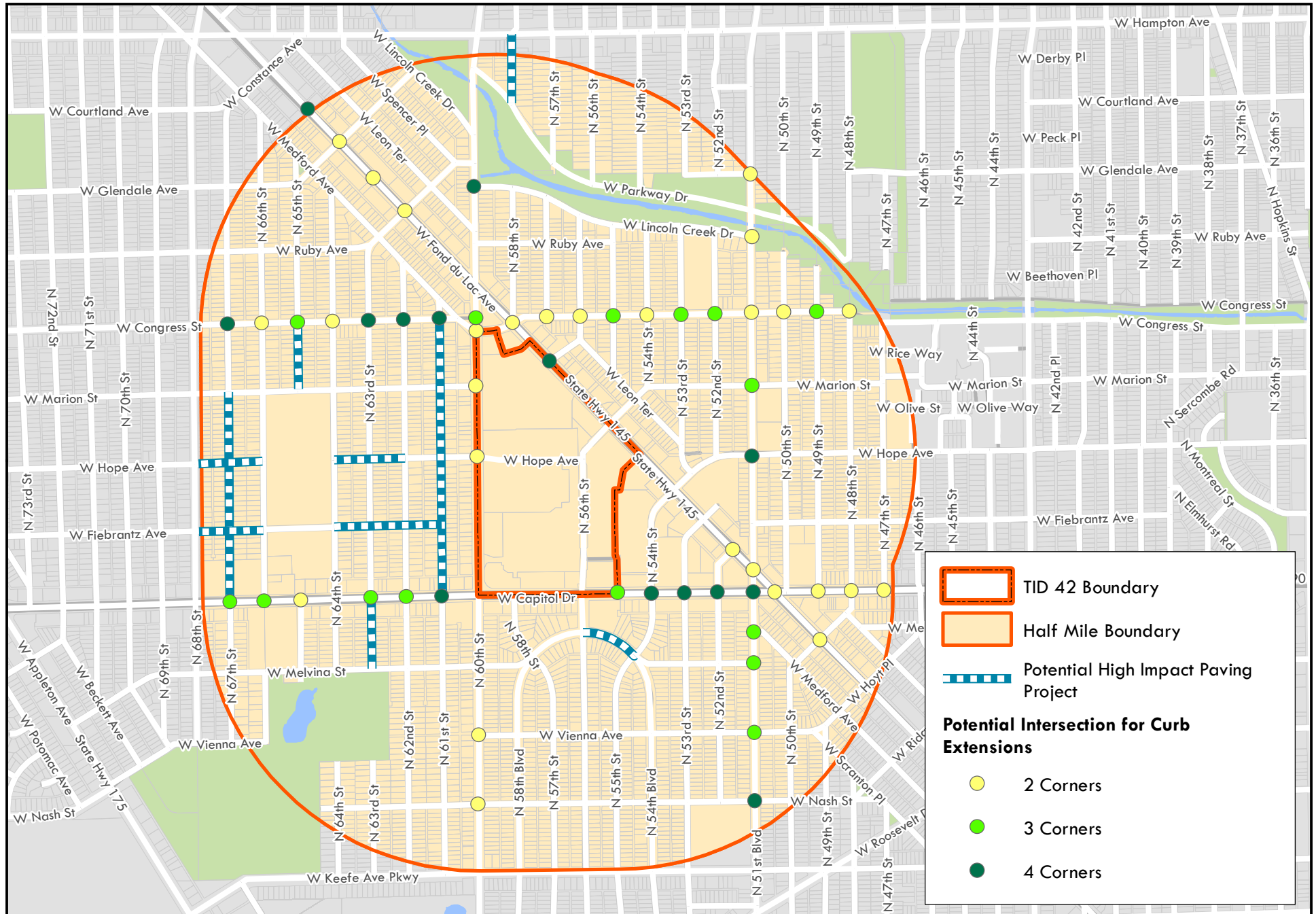
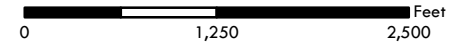
No.	Assessment	Budget	Base	Projected	TID	Annual	Debt Service	Additional D/S	TID 74	Cash flow	Total	After reserving for remaining debt Surplus/(deficit)	TID Payoff
	Year	Year	Value	Value	Incremental Value	Increment			Donation		Cum. Cash Flow		
1	2001	2002	7,118,300	7,118,300	-	-	-	-	-	-	-	(21,749,428)	
2	2002	2003	7,118,300	10,061,300	2,943,000	82,011	(258,836)			(176,825)	(176,825)	(21,667,417)	No
3	2003	2004	7,118,300	39,966,800	32,848,500	867,446	(361,208)			506,238	329,413	(20,799,971)	No
4	2004	2005	7,118,300	38,541,000	31,422,700	818,888	(542,964)			275,924	605,337	(19,981,083)	No
5	2005	2006	7,118,300	60,138,800	53,020,500	1,294,215	(673,041)			621,174	1,226,511	(18,686,868)	No
6	2006	2007	7,118,300	70,702,100	63,583,800	1,401,229	(668,271)			732,958	1,959,469	(17,285,639)	No
7	2007	2008	7,118,300	72,543,900	65,425,600	1,469,485	(681,860)			787,625	2,747,094	(15,816,154)	No
8	2008	2009	7,118,300	81,781,700	74,663,400	1,790,874	(752,422)			1,038,452	3,785,546	(14,025,280)	No
9	2009	2010	7,118,300	80,068,600	72,950,300	1,858,586	(793,047)			1,065,539	4,851,085	(12,166,694)	No
10	2010	2011	7,118,300	65,132,600	58,014,300	1,554,473	(820,135)			734,338	5,585,423	(10,612,221)	No
11	2011	2012	7,118,300	54,977,600	47,859,300	1,364,079	(850,549)			513,530	6,098,953	(9,248,142)	No
12	2012	2013	7,118,300	58,578,900	51,460,600	1,565,317	(944,076)			621,241	6,720,194	(7,682,825)	No
13	2013	2014	7,118,300	58,509,600	51,391,300	1,598,092	(800,756)			797,336	7,517,530	(6,084,733)	No
14	2014	2015	7,118,300	62,018,800	54,900,500	1,670,261	(423,394)			1,246,867	8,764,397	(4,414,472)	No
15	2015	2016	7,118,300	61,810,600	54,692,300	1,670,410	(723,259)			947,151	9,711,548	(2,744,062)	No
16	2016	2017	7,118,300	54,623,300	47,505,000	1,398,830	(1,132,318)			266,512	9,978,061	(1,345,232)	No
17	2017	2018	7,118,300	38,852,000	31,733,700	937,021	(1,151,792)			(214,771)	9,763,290	(408,211)	No
18	2018	2019	7,118,300	39,088,700	31,970,400	890,589	(718,091)			172,498	9,935,787	482,378	YES
19	2019	2020	7,118,300	40,600,800	33,482,500	923,713	(331,440)			592,273	10,528,061	1,406,091	YES
20	2020	2021	7,118,300	36,891,700	29,773,400	837,221	(45,979)			791,242	11,319,303	2,243,312	YES
21	2021	2022	7,118,300	41,213,500	34,095,200	860,709	(303)			860,406	12,179,709	3,104,021	YES
22	2022	2023	7,118,300	41,625,635	34,507,335	906,508	(493)	(578,009)	(906,508)	(578,502)	11,601,207	4,010,528	YES
23	2023	2024	7,118,300	42,041,891	34,923,591	917,443	(493)	(578,009)	(917,443)	(578,502)	11,022,705	4,927,971	YES
24	2024	2025	7,118,300	42,462,310	35,344,010	928,487	(274)	(578,009)	(928,487)	(578,283)	10,444,423	5,856,458	YES
25	2025	2026	7,118,300	42,886,933	35,768,633	939,642	(275)	(578,009)	(939,642)	(578,284)	9,866,139	6,796,100	YES
26	2026	2027	7,118,300	43,315,803	36,197,503	950,908	(275)	(578,009)	(950,908)	(578,284)	9,287,856	7,747,009	YES
27	2027	2028	7,118,300	43,748,961	36,630,661	962,287	(551)	(578,009)	(962,287)	(578,560)	8,709,296	8,709,296	YES
						30,458,724	(12,676,101)	(3,468,051)	(5,605,275)	8,709,296			

Annual appreciation	1.010
Interest Rate	4.00%
Base Value	7,118,300
Property Tax rate	2.627%
Issuance Costs	30,000
Project Costs	3,000,000 (\$2.9m in public infrastructure, \$100,000 in admin)

TID 42: CAPITOL COURT/MIDTOWN

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

Prepared by the Department of City Development, 1/12/2022
Source: City of Milwaukee Information and Technology Management Division



- TID 42 Boundary
- Half Mile Boundary
- Potential High Impact Paving Project
- Potential Intersection for Curb Extensions**
 - 2 Corners
 - 3 Corners
 - 4 Corners

TEARMAN SPENCER

City Attorney

CELIA M. JACKSON

Special Deputy City Attorney

ODALO J. OHIKU

ROBIN A. PEDERSON

YOLANDA Y. MCGOWAN

TODD FARRIS

Deputy City Attorneys



Milwaukee City Hall Suite 800 • 200 East Wells Street • Milwaukee, Wisconsin 53202-3551
Telephone: 414.286.2601 • TDD: 414.286.2025 • Fax: 414.286.8550

HEIDI WICK SPOERL
GREGG C. HAGOPIAN
KATHRYN Z. BLOCK
THOMAS D. MILLER
JEREMY R. MCKENZIE
PETER J. BLOCK
JENNY YUAN
ALLISON N. FLANAGAN
HEATHER H. HOUGH
ANDREA J. FOWLER
PATRICK J. MCCLAIN
ELLENY B. CHRISTOPOULOS
HANNAH R. JAHN
JULIE P. WILSON
GREGORY P. KRUSE
JAMES M. CARROLL
MEIGHAN M. ANGER
ALEXANDER R. CARSON
ALEX T. MUELLER
ALEXANDER COSSI
LISA A. GILMORE
NICHOLAS R. SINRAM
TAVISS K. SMITH
KATHERINE A. HEADLEY
ANTHONY JACKSON
NICHOLAS C. ZALES
JENNIFER T. DEMASTER
JOHN D. MCNALLY
STACY J. MILLER
Assistant City Attorneys

January 25, 2022

Lafayette Crump, Commissioner
Department of City Development
809 North Broadway, 2nd Floor
Milwaukee, WI 53202


Re: Amendment 3 to Project Plan for Tax Incremental District No. 42
(Capitol Court/Midtown)


Dear Commissioner Crump:

Pursuant to your request, we have reviewed Amendment 3 to Project Plan for the above-referenced Tax Incremental District No. 42.

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,


TEARMAN SPENCER
City Attorney


JEREMY R. MCKENZIE
Assistant City Attorney

