

AMENDMENT NO. 6

**PROJECT PLAN FOR
TAX INCREMENTAL FINANCING DISTRICT NO. 37
(GRAND AVENUE)**

CITY OF MILWAUKEE

Public Hearing Held: April 16, 2020

Redevelopment Authority Adopted:

Common Council Adopted:

Joint Review Board Adopted:

**AMENDMENT NO. 6 to the PROJECT PLAN for
TAX INCREMENTAL FINANCING DISTRICT NUMBER 37
CITY OF MILWAUKEE
(GRAND AVENUE)**

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.

Section 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 in 1998 created Tax Incremental District No. 37 (Grand Avenue) (referred to as the "**District**" or "**TID 37**") and approved the District's project plan (the "**Plan**") to revitalize the downtown retail and commercial district anchored by the Grand Avenue retail center. Initially, the District assisted in the construction of the Courtyard by Marriott hotel, as well as public infrastructure improvements in the area, totaling \$2,500,000 in project costs.

Amendment No. 1 to the Plan was approved in 1999, and provided \$9,400,000 towards the redevelopment of the former Marshall Field's/Gimbels building into office, hotel and retail uses, and is now known as the ASQ Center.

Amendment No. 2 to the Plan was approved in 2000, and provided \$5,000,000 towards the redevelopment of the Boston Store building into office, residential and retail uses.

Amendment No. 3 to the Plan was approved in 2014, and provided \$1,200,000 to Bon-Ton Stores, Inc. ("**Bon-Ton**"), plus \$6,000 in administrative expenses, to assist in keeping its headquarters and the Boston Store department store in downtown Milwaukee.

Amendment No. 4 to the Plan was approved in 2017 and authorized funds for a number of projects and improvements surrounding the Grand Avenue mall complex: a façade grant to assist in the redevelopment of the Grand Theater (\$750,000), a forgivable loan to Bon-Ton (\$1,900,000), street improvement projects (\$4,365,000), other public infrastructure improvement projects (\$750,000) and administrative expenses (\$100,000), totaling \$7,865,000 in new Project Costs.

Amendment No. 5 to the Plan was approved in 2019 and authorized an additional \$3,000,000 in public infrastructure improvements for the reconstruction of North 2nd Street between West Wisconsin Avenue and North Plankinton Avenue.

Amendment No. 6 to the Plan (the "**Amendment**") would provide up to \$2,013,609 in donations to Tax Incremental District No. 51 (Granville Station) (referred to as "TID 51"), \$2,658,175 in donations to Tax Incremental District No. 71 (Mitchell Street) (referred to as "TID 71") and \$2,572,552 in donations to Tax Incremental District No. 72 (Bishop's Creek) (referred to as "TID 72").

Per Wis. Stat. 66.1105 (5)(b), the percentage of territory within the District that will be devoted to retail business at the end of the maximum expenditure period is estimated to be 20%.

Amendments to the TID 37 Project Plan:

The following amendments are made to the TID 37 Plan. All other sections of the TID 37 Project Plan remain unchanged.

I. DESCRIPTION OF THE PROJECT

Plan Section I.D., “Proposed Public Action,” is amended by adding the following:

Funds generated from the District will be used for the following purposes under Plan Amendment 6:

Donations to TID 51 (Granville Station). TID 51 was created in 2003 to provide \$4,400,000 in funding for the redevelopment of the former Northridge Mall. To date, TID 51 has not generated sufficient incremental revenue to pay off its existing debt. Including interest, TID 51 currently has apr. \$2,013,609 in existing debt. This amendment would provide up to \$2,013,609 in donations to TID 51, per the estimated annual payments in the table below.

Donations to TID 71 (Mitchell Street). TID 71 was created in 2008 to provide \$2,918,000 in funding for development efforts along the Mitchell Street commercial corridor. To date, TID 71 has not generated sufficient incremental revenue to pay off its existing debt, despite a redetermination of its base value in 2014. Including interest, TID 71 currently has apr. \$2,658,175 in existing debt. This amendment would provide up to \$2,658,175 in donations to TID 71, per the estimated annual payments in the table below.

Donations to TID 72 (Bishop’s Creek). TID 72 was created in 2008 to provide \$1,135,000 in funding for the Phase 1 of the Bishop’s Creek development and \$300,000 for forgivable loans to homeowners. To date, TID 72 has not generated any incremental value, despite a redetermination of its base value in 2014. Including interest, TID 72 currently has apr. \$2,572,552 in existing debt. This amendment would provide up to \$2,572,552 in donations to TID 72, per the estimated annual payments in the table below.

	Contribution from TID 37 to:	Donation to TID 51	Donation to TID 71	Donations to TID 72
Donations:				
2020	\$2,272,673	\$2,013,609	\$259,064	
2021	\$2,312,041		\$2,312,041	
2022	\$2,351,803		\$87,070	\$2,264,733
2023	\$307,819			\$307,819
TOTAL:	\$7,244,336	\$2,013,609	\$2,658,175	\$2,572,552

Calculations of remaining amounts to be recovered in the TID 37 District and TIDs 51, 71 and 72 are attached as **Exhibits A and B**. TID 37 is able to make donations to TIDs 51, 71 and 72 because the following conditions have been met:

- TID 37 has not yet terminated (its statutory termination date is 2025) and the City of Milwaukee’s City Plan Commission created TID 37 (Resolution No. 971894) and Redevelopment Authority created TID 51 (Resolution No. 9455), TID 71 (Resolution No. 9969) and TID 72 (Resolution No. 10046) per Wis. Stat. 66.1105 (6)(f)1.

- The donor TID 37 and the recipient/donee TIDs 51, 71 and 72 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 37 to TID 51 (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 51 was created upon a finding, contained in City Common Council Resolution No. 021332, that not less than 50% by area of the real property within TID 51 was blighted.
- The donations from TID 37 to TID 71 (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 71 was created upon a finding, contained in City Common Council Resolution No. 070611, that not less than 50% by area of the real property within TID 71 was in need of rehabilitation.
- The donations from TID 37 to TID 72 (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 72 was created upon a finding, contained in City Common Council Resolution No. 081070, 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 37 cannot, and will not, be made until and unless TID 37 has first satisfied all of its current year debt service and project cost obligations per Wis. Stat 66.1105 (6)(f)3. TID 37 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 37 per Wis. Stat 66.1105 (6)(f)4.

II. PLAN PROPOSALS

Plan Section II.B.2, “Detailed List of Estimated Project Costs,” is amended by adding the following:

TABLE B: Lists of Estimated Project Costs

A	<u>Capital:</u> Public Infrastructure	\$0
B	<u>Other:</u> Donations to TID 51, 71, 72	\$7,244,336
	Total Estimated Project Costs, excluding financing	\$7,244,336
C	<u>Financing:</u> Interest payment	\$0
D	<u>District Costs to Date:</u>	\$31,492,904

Plan Section III.B.3, “Description of Timing and Methods of Financing” is amended to add the following as new section III.B.3.c.:

All Amendment 6 expenditures are expected to be incurred in 2020 -2024.

Plan Section II.B.4, “Economic Feasibility Study,” is amended to add the following:

The Economic Feasibility Study for Amendment No. 6 to the Project Plan is attached as **Exhibit 1, “Economic Feasibility Study for Amendment No. 6 to the Grand Avenue TID No. 37.”**

Based upon the anticipated tax incremental revenue to be generated by the District, the District is financially feasible and it likely to be retired on or before 2023, the 25th year of the District. Accordingly, the District is determined to be feasible.

Plan Section II.B.8, “List of Non-Project Costs”, is amended by adding the following:

None – there are no estimated non-project costs associated with Amendment 6.

Plan Section II.B.11, “Opinion of City Attorney”, is amended by adding the attached letter from the City Attorney.

GRANT F. LANGLEY
City Attorney

MIRIAM R. HORWITZ
ADAM B. STEPHENS
MARY L. SCHANNING
JAN A. SMOKOWICZ
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

SUSAN E. LAPPEN
PATRICIA A. FRICKER
HEIDI WICK SPOERL
GREGG C. HAGOPIAN
JAY A. UNORA
KATHRYN Z. BLOCK
KEVIN P. SULLIVAN
THOMAS D. MILLER
ROBIN A. PEDERSON
JEREMY R. MCKENZIE
PETER J. BLOCK
JENNY YUAN
ALLISON N. FLANAGAN
HEATHER H. HOUGH
ANDREA J. FOWLER
PATRICK J. MCCLEIN
NAOMI E. GEHLING
BENJAMIN J. ROOVERS
ELLENY B. CHRISTOPOULOS
TYRONE M. ST. JUNIOR
HANNAH R. JAHN
JULIE P. WILSON
GREGORY P. KRUSE
KIMBERLY A. PRESCOTT
SHEILA THOBANI
KATRYNA C. RHODES
NICOLE F. LARSEN
JAMES M. CARROLL
WILLIAM G. DAVIDSON
MEIGHAN M. ANGER
ALEXANDER R. CARSON
JENNIFER J. TATE
Assistant City Attorneys

March 23, 2020

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

Re: Amendment No. 6 to Project Plan for Tax Incremental District No. 37
(Grand Avenue)

Dear Commissioner Marcoux:

Pursuant to your request, we have reviewed Amendment No. 6 to the Project Plan for the above-referenced Tax Incremental District No. 37.

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,


for GRANT F. LANGLEY
City Attorney

/s/ Jeremy R. McKenzie

JEREMY R. MCKENZIE
Assistant City Attorney



**EXHIBIT A: CALCULATION OF REMAINING AMOUNT
TO BE RECOVERED IN TID 37**

**Grand Avenue
Redevelopment
TID-37**

Life-to-date 10-31-19 project expenditures	\$ 25,157,325
Estimated future project expenditures	
Remaining encumbrances	6,566,876
Remaining appropriation	1,518,454
Interest payments through December 31, 2018	10,484,085
Add bond interest costs:	
Scheduled 2019 to maturity	278,266
Estimated interest on future borrowings	501,083
Cumulative City of Milwaukee carrying cost 12-31-18	<u>(1,318,391)</u>
Total project costs	<u>43,187,698</u>
Project revenues through 12/31/19	(13,982,882)
Bond proceeds in excess of principal debt service payments	<u>(157,580)</u>
Net project costs to be recovered through tax increments	<u>29,047,236</u>
Tax increments levied:	
1999	173,189
2000	204,109
2001	674,020
2002	979,712
2003	1,019,749
2004	1,503,155
2005	1,357,668
2006	1,617,743
2007	2,065,310
2008	1,449,257
2009	2,032,261
2010	1,363,389
2011	1,640,869
2012	1,862,611
2013	2,079,945
2014	2,092,453
2015	2,086,554
2016	2,408,464
2017	1,908,929
2018	1,930,670
2019	<u>2,233,528</u>
Total tax increments levied at December 31, 2019	32,683,585
Amount to be recovered	<u>\$ (3,636,349)</u>

Remaining recovery years

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**EXHIBIT B: CALCULATION OF REMAINING AMOUNT
TO BE RECOVERED IN TIDs**

	Granville Station TID-51	Mitchell TID-71	Bishop's Creek TID-72
Life-to-date 10-31-19 project expenditures	\$ 5,003,916	\$ 1,534,605	\$ 1,415,318
Estimated future project expenditures			
Remaining appropriation	950	403,593	154,566
Interest payments through December 31, 2018	1,602,210	708,297	601,472
Add bond interest costs:			
Scheduled 2019 to maturity	57,401	674,544	429,582
Cumulative City of Milwaukee carrying cost 12-31-18	<u>62,667</u>	<u>326</u>	<u>3,727</u>
 Total project costs	 <u>6,727,144</u>	 <u>3,321,365</u>	 <u>2,604,665</u>
Project revenues through 12/31/19	(28,750)	(590,066)	(270)
Bond proceeds in excess of principal debt service payments	<u>(959)</u>	<u>-</u>	<u>-</u>
Net project costs to be recovered through tax increments	<u>6,697,435</u>	<u>2,731,299</u>	<u>2,604,395</u>
Tax increments levied:			
2004	17,403		
2005	164,368		
2006	227,176		
2007	276,227		
2008	365,865		
2009	580,944		
2010	461,570	-	-
2011	333,936	-	-
2012	401,265	-	-
2013	429,742	-	-
2014	398,015	-	-
2015	382,624	-	-
2016	259,822	-	31,843
2017	121,267	-	-
2018	101,343	9,379	-
2019	<u>162,259</u>	<u>63,745</u>	<u>-</u>
Total tax increments levied at December 31, 2019	4,683,826	73,124	31,843
 Amount to be recovered	 <u>\$ 2,013,609</u>	 <u>\$ 2,658,175</u>	 <u>\$ 2,572,552</u>
Remaining recovery years	11	16	16

Exhibit 1: Economic Feasibility Study for Amendment No. 6 to the Grand Avenue TID No. 37

Year No.	Assessment Year	Budget Year	Base Value	Projected Value	TID Incremental Value	Increment	Cumulative Inc. Revenue	Loan repayments to TID & other rev	Debt Service	Amend No. 4 Project Costs	Amend No. 5 Project Costs	Amend No. 6 Donations to TIDs 51, 72, 71	Cash flow	Cum. Cash Flow	After reserving for remaining debt Surplus/(deficit)	TID Payoff
1	1998	1999	60,317,400	60,317,400				24,917	-				24,917	24,917	(52,320,642)	
2	1999	2000	60,317,400	66,460,000		173,189	173,189	86,666	(130,965)				128,890	153,807	(52,060,787)	No
3	2000	2001	60,317,400	67,141,200	6,142,600	204,109	377,298	130,442	(155,660)				178,891	332,698	(51,726,235)	No
4	2001	2002	60,317,400	84,218,600	6,823,800	674,020	1,051,318	400,943	(254,783)				820,180	1,152,879	(50,651,272)	No
5	2002	2003	60,317,400	95,474,800	23,901,200	979,712	2,031,030	508,430	(1,059,764)				428,378	1,581,256	(49,163,130)	No
6	2003	2004	60,317,400	98,933,300	35,157,400	1,019,749	3,050,779	2,391,264	(1,150,098)				2,260,915	3,842,171	(45,752,118)	No
7	2004	2005	60,317,400	117,997,000	38,615,900	1,503,154	4,553,933	463,312	(1,849,452)				117,014	3,959,185	(43,785,652)	No
8	2005	2006	60,317,400	115,937,400	57,679,600	1,357,668	5,911,601	301,953	(1,902,893)				(243,272)	3,715,913	(42,126,031)	No
9	2006	2007	60,317,400	133,726,000	55,620,000	1,617,743	7,529,344	339,463	(1,903,157)				54,049	3,769,962	(40,168,824)	No
10	2007	2008	60,317,400	152,270,800	73,408,600	2,065,310	9,594,654	2,343,307	(2,137,460)				2,271,157	6,041,119	(35,760,207)	No
11	2008	2009	60,317,400	120,738,400	91,953,400	1,449,257	11,043,911	301,714	(3,483,013)				(1,732,042)	4,309,077	(34,009,237)	No
12	2009	2010	60,317,400	140,084,500	60,421,000	2,032,261	13,076,172	373,290	(2,040,629)				364,922	4,673,999	(31,603,686)	No
13	2010	2011	60,317,400	111,200,300	79,767,100	1,363,390	14,439,561	2,388,010	(2,100,398)				1,651,002	6,325,001	(27,852,286)	No
14	2011	2012	60,317,400	117,888,000	50,882,900	1,640,869	16,080,430	239,455	(2,248,114)				(367,790)	5,957,211	(25,971,962)	No
15	2012	2013	60,317,400	121,551,700	57,570,600	1,862,611	17,943,041	243,349	(1,745,690)				360,270	6,317,481	(23,866,002)	No
16	2013	2014	60,317,400	127,204,100	61,234,300	2,079,945	20,022,986	341,212	(1,672,038)				749,119	7,066,599	(21,444,845)	No
17	2014	2015	60,317,400	129,095,100	66,886,700	2,092,453	22,115,439	297,279	(1,563,172)				826,560	7,893,159	(19,055,113)	No
18	2015	2016	60,317,400	128,635,000	68,777,700	2,086,554	24,201,993	169,381	(1,221,025)				1,034,910	8,928,070	(16,799,178)	No
19	2016	2017	60,317,400	142,110,100	68,317,600	2,408,464	26,610,457	47,310	(1,085,052)				1,370,722	10,298,792	(14,343,404)	No
20	2017	2018	60,317,400	124,966,300	64,648,900	1,908,929	28,519,386	50,126	(1,923,001)				36,054	10,334,846	(12,384,349)	No
21	2018	2019	60,317,400	129,624,700	69,307,300	1,930,670	30,450,056	2,479,315	(1,553,567)				2,856,418	13,191,264	(7,974,364)	No
22	2019	2020	60,317,400	141,277,700	80,960,300	2,233,528	32,683,585	61,743	(194,645)				2,100,626	15,291,890	(5,679,092)	No
23	2020	2021	60,317,400	142,690,477	82,373,077	2,272,673	34,956,258	(50,534)	(50,534)	(1,809,497)	(690,209)	(2,272,673)	(2,550,240)	12,741,651	(3,406,419)	No
24	2021	2022	60,317,400	144,117,382	83,799,982	2,312,041	37,268,299	(199,858)	(199,858)	(1,809,497)	(690,209)	(2,312,041)	(2,699,563)	10,042,088	(1,094,378)	No
25	2022	2023	60,317,400	145,558,556	85,241,156	2,351,803	39,620,103	(197,279)	(197,279)	(1,809,497)	(690,209)	(2,351,803)	(2,696,984)	7,345,103	1,257,426	YES
26	2023	2024	60,317,400	147,014,141	86,696,741	2,391,963	42,012,066	(188,960)	(188,960)	(1,809,497)	(690,209)	(307,819)	(604,522)	6,740,582	3,649,389	YES
27	2024	2025	60,317,400	148,484,283	88,166,883	2,432,524	44,444,590	(591,487)	(591,487)	(1,809,497)	(690,209)		(658,668)	6,081,913	6,081,913	YES
						44,444,590		13,982,882	(32,602,694)	(9,047,485)	(3,451,043)	(7,244,336)	6,081,913			

Annual Appreciation	1.010
Interest Rate	4.50%
Base Value	60,317,400
Property Tax rate	2.759%
Issuance Costs	30,000
Project Costs	3,000,000

Unbonded costs	3,000,000
Int. rate	4.50%
Issuance costs	30,000

(451,043)