

**PROJECT PLAN FOR  
TAX INCREMENTAL FINANCING DISTRICT NO. 83  
(Broadway and Michigan)**

**CITY OF MILWAUKEE**

**Public Hearing Held: May 21, 2015**

**Redevelopment Authority Adopted:**

**Common Council Adopted:**

**Joint Review Board Adopted:**

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## I. DESCRIPTION OF THE PROJECT

### A. Introduction

Section 66.1105(4)(d), Wisconsin Statutes, requires the “preparation and adoption...of a proposed project plan for each tax incremental district.” This Project Plan is submitted in fulfillment of this requirement and the related provisions of section 66.1105, Wisconsin Statutes.

### B. District Boundaries and Compliance with Statutory Eligibility Criteria

The Broadway and Michigan Tax Incremental District (“District” or “TID”) is comprised of seven properties totaling 67,200 SF (collectively, the “Property”). The District is shown in **Map No. 1, “Boundary and Existing Land Use,”** and described more precisely in **Exhibit 1, “Boundary Description.”** 50% of the real property located within the District was found to be in need of rehabilitation or conservation work within the meaning of Section 66.1105(4)(gm) of the Wisconsin Statutes. 0% of the real property located within the District is considered vacant property within the meaning of Section 66.1105(4)(gm) of the Wisconsin Statutes. **Exhibit 2, “Property Characteristics,”** illustrates how the property in the District meets the statutory criteria for Tax Incremental Districts.

### C. Project Plan Goals and Objectives

225 East Michigan Street, LLC (the “Mackie Developer”) proposes to redevelop the existing Mackie Building located at 225 East Michigan Street (the “Mackie”), at the corner of South Broadway and East Michigan Street.

Originally known as the Chamber of Commerce Building, the Mackie was built by one of Milwaukee’s founding fathers, Alexander Mitchell, in 1880. Designed by Edward Townsend Mix, the building housed Milwaukee’s Grain Exchange, a 3-story, 10,000 SF trading room for Milwaukee’s world-leading wheat export industry. In 1934, the Chamber of Commerce left the building and it was renamed the Mackie building after Mitchell’s nephew. Today, the Grain Exchange Room is used for over 200 events a year and the upper floors of the Mackie have most recently been used as office space. The Mackie is adjacent to the Mitchell Building (1878) and near the Iron Block (1860), Loyalty (1886), Button Block (1892), McGeoch (1894), Railway Exchange (1900) and many other historic buildings that make up the nationally designated East Side Commercial Historic District.

In 2010, the City of Milwaukee updated its Downtown Area Plan (“Plan”). One of the catalytic projects listed in the plan was called the Broadway Connection, with the goal of revitalizing the area surrounding North Broadway and East Michigan Streets to improve the connection between the Historic Third Ward and Downtown Milwaukee. One of the objectives of the Broadway Connection is “Enhanced Historic Building Features to Emphasize the Uniqueness of the District”, including “preserving the appeal and usability of historic structures...to meet contemporary occupancy needs” and “carefully designed façade restorations”. In 2013, an important step was made when the Loyalty Building was renovated into a Hilton Garden Inn.

However, the stretch of North Broadway between East Wisconsin Avenue and East Clybourn Street still has a number of vacant storefronts, underutilized buildings and surface parking lots. The Mackie has a surface parking lot to the south and east, and its upper floors are currently vacant. It is one of the last remaining iconic historic buildings in the East Side Historic District to be fully restored.

Restoration of the Mackie is Phase 1 of a three phase plan to implement the Broadway Connection catalytic project. Phase 2 includes conversion of the Button Block Building (500 North Water Street)

into housing, hotel or office uses by Bear Development, streetscaping to provide a unique and unified look to the area and restoration of the smaller historic buildings along Broadway. Phase 3 is the construction of a mixed-use building on the surface parking lot south of the Mackie, which could include retail space, entertainment uses, housing and parking for adjacent buildings. The current Project Plan includes assistance related to Phase 1. This Project Plan may be amended at a future date to assist with the implementation of Phases 2 and 3.

As part of Phase 1, the Mackie Developer is proposing to renovate the interior of the Mackie to include 25 market-rate apartments on the upper floors, retain the existing Grain Exchange Room and renovate the first floor commercial space. On the exterior of the Mackie, the façade and clocktower will be completely restored and necessary improvements made to the Mackie’s foundation. These interior and exterior renovations are collectively called the “Mackie Project”, as shown in **Map No. 3, “Proposed Uses and Improvements.”** The extraordinary costs associated with rehabilitating the façade and clocktower of the Mackie to historic standards are estimated at \$900,000.

More detailed objectives of this Project Plan are to:

- Eliminate a blighting influence on North Broadway between downtown Milwaukee and the Historic Third Ward.
- Restore a historic and iconic building in downtown Milwaukee..
- Increase the tax base of the City by developing a property in need of rehabilitation or conservation in downtown Milwaukee.
- Implement a catalytic project, as set forth in the Downtown Area Plan 2010 Update, which called for a Broadway Connection strategy.

#### D. Existing Land Uses and Conditions in the District

The District is currently comprised of seven properties totaling 67,200 SF. Four of the properties are surface parking lots. The other three properties are the Mitchell, Mackie and Button Block Buildings, totaling 155,488 SF. The current (2015) assessment of the District is \$4,719,000. The entire District is zoned C9F(A).

## II. PLAN PROPOSALS

The following statements, maps and exhibits are provided in compliance with Section 66.1105(4)(f) of the Wisconsin Statutes.

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

Funds generated from the District will be used for providing an annual grant to the Mackie Developer to offset extraordinary costs associated with the Mackie Project. The Mackie Developer will advance all costs for the Mackie Project. City will make payments to the Mackie Developer equal to 100% of the incremental taxes collected from the Mackie and Mitchell (207 East Michigan Street) Buildings, less an annual administration charge, until such time as \$900,000 is repaid by the payments at an interest rate of 4.5%, over a period not to exceed 15 years (the “Monetary Obligation”). See the Term Sheet, attached as **Exhibit 4, “Term Sheet.”**

#### B. “Detailed List of Estimated Project Costs.”

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 cooperation agreement(s) entered into by and between the City of Milwaukee and

eligible designated developer(s), 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 \$900,000 in the form of TID Capital Project Costs enumerated in further detail in **Table A** of this Plan.

<b>TABLE A: TID Capital Project Costs</b>	
<b>Grant to Mackie Project (Monetary Obligation to Mackie Developer)</b>	<b>\$900,000</b>
<b>TOTAL Capital Project Costs</b>	<b>\$900,000</b>

The allocation of these funds will be as set forth in the Term Sheet, attached as **Exhibit 4, “Term Sheet.”**

Other Costs

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

Financing Costs

Financing costs include estimated gross interest expenses on the Monetary Obligation to repay the Mackie Developer. Estimates of interest are based on interest rates as set forth in the Economic Feasibility Analysis, attached as **Exhibit 5, “Feasibility Study.”** The City reserves the right to prepay the Monetary Obligation to the Mackie Developer, which could require issuance of general obligation debt, as described in the Term Sheet, attached as **Exhibit 4, “Term Sheet.”**

**TABLE B: Lists of Estimated Project Costs**

<u>Capital:</u> Grant to Mackie Project (Monetary Obligation to the Mackie Developer)	\$900,000
<u>Other:</u> Administration (\$7,500/year for up to 15 years)	\$112,500
Total Estimated Project Costs, excluding financing	\$1,012,500
<u>Financing:</u> Interest	\$450,000

C. “Description of Timing and Methods of Financing.”

All expenditures are expected to be incurred during the period from 2014-2034.

The annual payments to the Mackie Developer will be repaid pursuant to the Monetary Obligation, using incremental taxes generated annually in the District.

D. “Economic Feasibility Study.”

The Economic Feasibility Study for this District is attached to this Project Plan as **Exhibit 5, “Economic Feasibility Study for the Mackie Building Project.”** 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 13. Should incremental revenues be generated in excess of those currently anticipated, they may be used to more rapidly repay the Monetary Obligation for the Mackie Project.

E. “Map Showing Existing Uses and Conditions.”

Please refer to **Map No. 1, “Boundary and Existing Land Use,”** and **Map No. 2, “Structure Condition”** and **Exhibit 3, “Parcel Owners”** in the Exhibits Section which follows.

F. “Map Showing Proposed Uses and Improvements.”

Please refer to **Map No. 3, “Proposed Uses and Improvements”** in the Exhibits Section which follows.

G. “Proposed Change of Zoning Ordinances, Master Plan, Building Codes and City Ordinances.”

Please refer to **Map No. 4, “Existing Zoning,”** in the Exhibits Section which follows. The proposed Project Plan is consistent with the existing zoning, which is C9F(A) (Downtown District – Office and Service). The proposed Project Plan is in accordance with the existing master plan, map, building codes, and other city ordinances. The Project Plan should not require amendments to their provisions, but such amendments could be made if necessary without further amendment to this Project Plan.

H. “List of Estimated Non-Project Costs.”

There are no Non-Project Costs.

I. “Proposed Method for Relocation.”

This Project Plan does not anticipate the acquisition of property by the City of Milwaukee. Accordingly, no relocation activities or expenditures for relocation payments or services are provided herein. Should the acquisition of property by condemnation and requiring relocation be necessary, the cost and method of relocation will be included in a redevelopment plan and associated relocation plan prepared in cooperation with the Redevelopment Authority, pursuant to Section 66.1333 and Section 32.05, Wis. Stats. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

J. “Statement Indicating How District Creation Promotes Orderly City Development.”

The creation of the District will provide a means to continue the revitalization of downtown Milwaukee, and more specifically, the Broadway Connection corridor between downtown Milwaukee and the Historic Third Ward. The District is consistent with the objectives of the Downtown Area Plan, updated in 2010, which identifies the District as part of the Broadway Connection catalytic

project. The Mackie is a landmark building, and its redevelopment, along with development on adjacent surface parking lots, are critical to implementing the Broadway Connection catalytic project. The District will facilitate the development of property in need of rehabilitation or conservation, job creation and the continued increase in downtown residential population. In addition, the Downtown Area Plan sets forth the following objectives, which will be accomplished, in part, by the District: converting vacant buildings to residential use and increasing the residential density in downtown Milwaukee.

K. “Opinion of the City Attorney.”

Please refer to **Exhibit 6, “Letter from the City Attorney.”**

**EXHIBIT 1**  
**Boundary Description**

Beginning at a point at the intersection of the west line of North Water Street and the north line of East Michigan Street;

Thence, east along the north line of East Michigan Street to the intersection with the east line of North Broadway;

Thence, south along the east line of North Broadway to the intersection with the south line of East Clybourn Street;

Thence, west along the south line of East Clybourn Street to the intersection with the west line of North Water Street;

Thence, north along the west line of North Water Street to the intersection with the north line of 510 North Water Street extended;

Thence, east along the north line of 510 North Water Street extended to the intersection of the west line of the north-south alley in the block bounded by North Water Street, East Michigan Street, North Broadway and East Clybourn Street;

Thence, north along the west line of the north-south alley in the block bounded by North Water Street, East Michigan Street, North Broadway and East Clybourn Street to the intersection with the south line of 207 East Michigan Street;

Thence, west long the south line of 207 East Michigan Street extended to the intersection with the west line of North Water Street;

Thence, north along the west line of North Water Street to the point of beginning and more particularly depicted in Map 1 of this Project Plan.



**EXHIBIT 2**  
**Property Characteristics**

Findings substantiating that not less than 50%, by area, of the real property within the proposed district in need of conservation within the meaning of Section 66.1105(4)(gm)4.a. Wisconsin Statutes.

Parcel No.	Taxkey	Owner Name	Land Assessment	Improvement Assessment	Total Assessment	Lot SF	In Need of Rehabilitation or Conservation (SF)	Area Vacant (SF)	Contaminated by Environmental Pollution (SF)
1	392-0664-000	207 EAST MICHIGAN STREET LLC	\$384,000	\$940,000	\$1,324,000	9,600	9,600	0	0
2	392-0651-000	225 EAST MICHIGAN ST LLC	\$576,000	\$98,000	\$674,000	14,400	14,400	0	0
3	392-0652-100	JOSHUA J JEFFERS	\$288,000	\$251,000	\$539,000	14,400	0	0	0
4	392-0656-000	JOSHUA J JEFFERS	\$144,000	\$128,000	\$272,000	7,200	0	0	0
5	392-0657-000	UIHLEIN PROPERTIES, LLC	\$216,000	\$100,000	\$316,000	7,200	0	0	0
6	392-0658-000	TEXAS CITY VENTURE LTD	\$192,000	\$1,266,000	\$1,458,000	9,600	9,600	0	0
7	392-0659-000	TEXAS CITY VENTURE LTD	\$96,000	\$40,000	\$136,000	4,800	0	0	0

<b>Total</b>			<b>\$1,896,000</b>	<b>\$2,823,000</b>	<b>\$4,719,000</b>	<b>67,200</b>	<b>33,600</b>	<b>0</b>	<b>0</b>
<b>Percentage</b>							<b>50%</b>	<b>0%</b>	<b>0%</b>

**EXHIBIT 3**  
**Parcel Owners**

<b>Parcel No.</b>	<b>Taxkey</b>	<b>Address</b>				<b>Owner Name</b>
1	392-0664-000	207	E	MICHIGAN	ST	207 EAST MICHIGAN STREET LLC
2	392-0651-000	225	E	MICHIGAN	ST	225 EAST MICHIGAN ST LLC
3	392-0652-100	525-31	N	BROADWAY		JOSHUA J JEFFERS
4	392-0656-000	511	N	BROADWAY		JOSHUA J JEFFERS
5	392-0657-000	503-07	N	BROADWAY		UIHLEIN PROPERTIES, LLC
6	392-0658-000	500	N	WATER	ST	TEXAS CITY VENTURE LTD
7	392-0659-000	510-12	N	WATER	ST	TEXAS CITY VENTURE LTD

## **EXHIBIT 4**

### **TERM SHEET**

#### **(Broadway and Michigan – TID No. 83)**

##### **Project**

225 East Michigan Street, LLC (the “Mackie Developer”) proposes to redevelop the existing Mackie Building located at 225 East Michigan Street (the “Mackie”), at the southwest corner of South Broadway and East Michigan Street.

Originally known as the Chamber of Commerce Building, the Mackie was built by one of Milwaukee’s founding fathers, Alexander Mitchell, in 1880. Designed by Edward Townsend Mix, the building housed Milwaukee’s Grain Exchange, a 3-story, 10,000 SF trading room for Milwaukee’s world-leading wheat export industry. In 1934, the Chamber of Commerce left the building and it was renamed the Mackie Building after Mitchell’s nephew. Today, the Grain Exchange Room is used for over 200 events a year and the upper floors of the Mackie have most recently been used as office space. The Mackie is adjacent to the Mitchell Building (1878) and near the Iron Block (1860), Loyalty (1886), Button Block (1892), McGeoch (1894), Railway Exchange (1900) and many other historic buildings that make up the nationally designated East Side Commercial Historic District.

In 2010, the City of Milwaukee updated its Downtown Area Plan (“Plan”). One of the catalytic projects listed in the plan was called the Broadway Connection, with the goal of revitalizing the area surrounding North Broadway and East Michigan Streets to improve the connection between the Historic Third Ward and Downtown Milwaukee. One of the objectives of the Broadway Connection is “Enhanced Historic Building Features to Emphasize the Uniqueness of the District,” including “preserving the appeal and usability of historic structures...to meet contemporary occupancy needs” and “carefully designed façade restorations.” The Mackie is one of the last remaining iconic historic buildings in the East Side Historic District to be restored.

Restoration of the Mackie is Phase 1 of a three phase plan to implement the Broadway Connection catalytic project. Phase 2 includes conversion of the Button Block Building (500 North Water Street) into housing, hotel or office uses by Bear Development, streetscaping to provide a unique and unified look to the area and restoration of the smaller historic buildings along Broadway. Phase 3 is the construction of a mixed-use building on the surface parking lots south of the Mackie, which could include retail space, entertainment uses, housing and parking for adjacent buildings.

As part of Phase 1, the Mackie Developer is proposing to renovate the interior of the Mackie to include 25 market-rate apartments on the upper floors, retain the existing Grain Exchange Room and renovate the first floor commercial space. On the exterior of the Mackie, the façade and clocktower will be completely restored and necessary

improvements made to the Mackie’s foundation. These interior and exterior renovations are collectively called the “Mackie Project.”

**Development Schedule**

Construction of the Mackie Project shall commence by September 1, 2015 and the Mackie Project shall be substantially completed within 24 months following commencement of construction.

**Parties**

The City; 225 East Michigan Street, LLC and the Historic Tax Credit investor.

**Mackie Project Budget**

Total Mackie Project budget is \$11,908,507. Estimated total sources include:

- First Mortgage \$6,525,000
- Historic Tax Credits \$3,130,000
- PACE Equity \$1,042,007
- Owner Equity \$ 311,500
- City Tax Incremental District \$ 900,000

**Tax Incremental District**

City intends to create a Tax Incremental District (“TID No. 83”) to assist in funding certain additional costs of the Mackie Project as set forth in the Project Plan.

**Funding**

Mackie Developer shall advance up to \$900,000 of costs related to the Mackie Project and shall be repaid through the Monetary Obligation.

Prior to substantial completion of the Mackie Project, City will deposit an amount equal to 100% of the tax incremental revenue actually received by City from The Mitchell Building (207 East Michigan Street) and the Mackie Building (225 East Michigan Street), collectively called the “Phase 1 Properties” in TID No. 83, less Annual Expenses into a special fund established for TID No. 83. Upon substantial completion of the Mackie Project such amount shall be disbursed to Mackie Developer and applied to reduce the principal balance of the Monetary Obligation.

Subsequent to substantial completion of the Mackie Project, following the deduction of Annual Expenses, 100% of incremental tax revenue collected from the Phase 1 Properties in TID No. 83 will be allocated to repay Mackie Developer for costs incurred for the Mackie Project through payments on the Monetary Obligation.

All City payments of tax incremental revenue received by City from TID No. 83 shall be subject to annual appropriation. If not appropriated, City shall not expend such tax increments for any other TID No. 83 project costs.

### **Monetary Obligation**

The Monetary Obligation consists of a limited and conditional obligation to repay Mackie Developer an amount up to \$900,000 plus interest on the outstanding balance of the Monetary Obligation at 4.5% per year. Payments on the Monetary Obligation are to be made annually following substantial completion of the Mackie Project and in an amount equal to 100% of tax incremental revenue actually received by the City from the Phase 1 Properties in TID No. 83, less Annual Expenses. Interest on the Monetary Obligation shall not begin to accrue until construction of the Mackie Project has commenced. City may, at any time or from time to time, without notice, penalty, or fee, prepay all or any portion of the Monetary Obligation. In the event that City prepays a portion of the Monetary Obligation the 100% of tax incremental revenue allocated to payment of the Monetary Obligation shall be proportionately reduced to reflect such prepayment. Tax incremental revenue will not be pledged to the payment of the Monetary Obligation, and the Monetary Obligation shall not constitute a general obligation of City or count against its statutory debt limits.

### **Monetary Obligation Earned**

Upon substantial completion of the Mackie Project (including a certificate of occupancy for the residential portion of the Mackie Project), Mackie Developer shall submit a certification detailing Mackie Project costs theretofore incurred (together with copies of records, invoices and/or AIA documentation, in a form reasonably acceptable to the Commissioner of the Department of City Development, evidencing such expenditures). The amount of the Monetary Obligation shall be deemed earned upon approval of such certification by the Commissioner.

### **Cost Savings**

If total Mackie Project costs submitted are less than the \$11,908,507 estimated in the Mackie Project Budget, the principal amount of the Monetary Obligation will be reduced by 50% of the cost savings. For example, if the total Mackie Project costs are \$100,000 below the Mackie Project Budget, the Monetary Obligation would be reduced by \$50,000.

### **Terms of Payments**

City payments on the Monetary Obligation will terminate: (i) at the time the Monetary Obligation is fully paid; or (ii) with the payment derived from the 2029 tax levy, payable in 2030, whichever occurs first.

## **Material Disturbance**

If the Mackie Project is not Substantially Completed (as that term is defined in the Development Agreement) within 24 months following commencement of construction (unless caused in substantial part by an event of *Force Majeure*) (a “Material Disturbance”), then City shall have the right (but not the obligation) to terminate further payments on the Monetary Obligation, using the following procedure:

- (1) City shall give Mackie Developer notice of its intention to terminate further payments on the Monetary Obligation, and Mackie Developer shall have [180] days to eliminate the Material Disturbance, and
- (2) Thereafter, if Mackie Developer has not timely eliminated the Material Disturbance and if City still intends to terminate payments on the Monetary Obligation, City’s Common Council shall adopt a resolution determining that the Material Disturbance prevents the substantial realization of the public benefits contemplated as a result of the Mackie Project and constitutes just cause for the termination of the Monetary Obligation. City shall thereafter file a certificate with Mackie Developer (attaching the resolution of the Common Council) stating that City has elected to terminate payments on the Monetary Obligation. Upon City’s filing of the certificate, the Monetary Obligation shall terminate.

## **Façade Easement**

Upon substantial completion of the Mackie Project, the Mackie Developer will provide the City with a façade easement to ensure that the façade of the Mackie is maintained during the life of the TID.

## **Zoning and Other Approvals**

The parties will cooperate and use best efforts to apply for, initiate, and attempt to obtain all TID, zoning, and other governmental and third-party approvals and permits necessary or desirable for the construction of the Mackie Project.

## **Human Resources:**

Mackie Developer and City will enter into a Human Resources Agreement in a form customary for projects subject to Ch. 355 of the Milwaukee Code of Ordinances. The Human Resources Agreement will require the Mackie Developer to use best efforts for utilization of certified Small Business Enterprises (“SBE”) for 25% of Mackie Project construction costs, 25% for purchase of goods and services, and 18% of amounts expended for the purchase of professional services deemed eligible pursuant to the City’s SBE Guidelines, best efforts for utilization of unemployed and underemployed residents for no less than 40% of the total “worker hours” expended on “construction” of the

Mackie Project, compliance with applicable state and municipal labor standards, best efforts for utilization of apprentices and/or on-the-job trainees and participation in City's First-Source Employment Program.

### **PILOT Payments**

The Development Agreement will require payments in lieu of taxes with respect to any portion of the Mackie Project that subsequently becomes exempt from real property taxes. This provision shall be incorporated into a covenant running with the land for the duration of the TID.

### **Report of Costs**

Upon substantial completion of the Mackie Project, Mackie Developer shall provide City with an accounting of the costs incurred for the Mackie Project. Such accounting shall be in a form reasonably acceptable to City's Comptroller.

### **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, including a Cooperation and Development Agreement for TID No. 83 (the "Development Agreement") and a Human Resources Agreement, each between City and Mackie Developer. In recognition that there may be adjustments of the dates and descriptions herein as well as administrative approvals which will require the exercise of reasonable discretion on behalf of City, the Commissioner will be authorized under these agreements to exercise such discretion and grant such approvals.

## **Attachment 1**

### DEFINITIONS

“Annual Expenses” means \$7,500.

“Force Majeure” means circumstances under which any party is delayed or prevented from the performance of any act required by an agreement by reason of fire, earthquake, war, flood, riot, strikes, labor disputes, judicial orders, public emergency or regulations, or other causes beyond the reasonable control of the party obligated to perform, then performance of such act shall be excused for the period of such delay, and the time for the performance of any such act shall be extended for a period commensurate with the nature of such delay.

“Human Resources Agreement” means an agreement in a form customary for developer-funded tax incremental districts containing requirements for use of small business enterprises and the City’s Resident Preference Program.

“Monetary Obligation” means a limited and conditional obligation to repay Mackie Developer an amount up to \$900,000 plus interest on the outstanding balance at 4.5% per year.

“Phase 1 Properties” means the Mitchell Building (207 East Michigan Street) and the Mackie Building (225 East Michigan Street).

“Project Plan” means the Plan for Tax Incremental District No. 83 (Broadway and Michigan).



## EXHIBIT 5

### ECONOMIC FEASIBILITY STUDY FOR THE MACKIE BUILDING PROJECT

#### Background:

The City of Milwaukee is proposing to offset \$900,000 of costs incurred by 225 East Michigan Street, LLC (the “Mackie Developer”) in connection with its proposal to convert the Mackie Building at 225 East Michigan Street into a mixed-use building with 25 apartment units, first floor commercial space and retaining the existing Grain Exchange Room (the “Mackie Project”). The total costs for the Mackie Project are estimated to be \$12 million.

Through a Development and Contribution Agreement, funds will be advanced by the Mackie Developer under a “pay-as-you-go” approach, and repaid, by the City, but only from future tax incremental revenue generated by the Mackie Building and the Mitchell Building (207 East Michigan Street).

#### Current Property Valuation:

The assessment of the Mackie and Mitchell Buildings as of 1/1/2015 were:

	Mackie	Mitchell	Total
Land	\$576,000	\$384,000	\$960,000
Buildings	\$98,000	\$940,000	\$1,038,000
<b>Total</b>	<b>\$674,000</b>	<b>\$1,324,000</b>	<b>\$1,998,000</b>

This is the estimated base value of the proposed District.

#### Anticipated Future Value of the District and District Cash Flow:

As a “pay-as-you-go” District, the Mackie Developer is accepting the risk that the District will generate sufficient incremental value to recapture the \$900,000 of costs, plus 4.5% interest, through future incremental revenue.

Attached as Table 1 is a cash flow forecast for the proposed District. Basic parameters of this forecast are:

- Base Value of Mackie and Mitchell Buildings: \$1,998,000
- Estimated Assessed Value of Mackie and Mitchell Buildings Upon Completion: \$6,000,000
- Tax Rate: 3.00% in 2014, dropping to 2.5% in 2020
- Interest Rate on Payments to the Mackie Developer: 4.5%
- Annual Appreciation: 2.00%
- Maximum Term of Payments: 15 years

As shown in the forecast, the District is able to amortize the Monetary Obligation for the Mackie Project in an estimated 13 years. Given this estimate, the proposed District is determined to be feasible and capable of amortizing the Project Costs within the statutory life of the proposed District.

**Table 1**

## Economic Feasibility Study for the Mackie Building Project

<b>TID</b>	<b>Year</b>	<b>Projected Assessment</b>	<b>Base Value</b>	<b>Incremental Value</b>	<b>Tax Rate</b>	<b>Incremental Revenue</b>		
1	2015	1,998,000	\$1,998,000	\$0	3.00%	\$0	<b>Discount Rate:</b>	4.50%
2	2016	\$3,000,000	\$1,998,000	\$1,002,000	2.90%	\$29,058	<b>Annual Value Increase:</b>	2.00%
3	2017	\$6,000,000	\$1,998,000	\$4,002,000	2.80%	\$112,056	<b>Base Value of Mitchell/Mackie (2015 Assessment)</b>	
4	2018	\$6,120,000	\$1,998,000	\$4,122,000	2.70%	\$111,294	Mitchell	\$1,324,000
5	2019	\$6,242,400	\$1,998,000	\$4,244,400	2.60%	\$110,354	Mackie	\$674,000
6	2020	\$6,367,248	\$1,998,000	\$4,369,248	2.50%	\$109,231	Total	\$1,998,000
7	2021	\$6,494,593	\$1,998,000	\$4,496,593	2.50%	\$112,415	<b>Estimated Assessed Value of Mitchell/Mackie Upon Completion</b>	
8	2022	\$6,624,485	\$1,998,000	\$4,626,485	2.50%	\$115,662	Mitchell	\$3,000,000
9	2023	\$6,756,975	\$1,998,000	\$4,758,975	2.50%	\$118,974	Mackie	\$3,000,000
10	2024	\$6,892,114	\$1,998,000	\$4,894,114	2.50%	\$122,353	Total	\$6,000,000
11	2025	\$7,029,956	\$1,998,000	\$5,031,956	2.50%	\$125,799	<b>NPV of Incremental Revenue</b>	
12	2026	\$7,170,555	\$1,998,000	\$5,172,555	2.50%	\$129,314	10 years	\$713,345
13	2027	\$7,313,967	\$1,998,000	\$5,315,967	2.50%	\$132,899	12 years	\$867,114
14	2028	\$7,460,246	\$1,998,000	\$5,462,246	2.50%	\$136,556	13 years	\$942,105
15	2029	\$7,609,451	\$1,998,000	\$5,611,451	2.50%	\$140,286	15 years	\$1,088,330
16	2030	\$7,761,640	\$1,998,000	\$5,763,640	2.50%	\$144,091		
17	2031	\$7,916,873	\$1,998,000	\$5,918,873	2.50%	\$147,972		
18	2032	\$8,075,210	\$1,998,000	\$6,077,210	2.50%	\$151,930		
19	2033	\$8,236,714	\$1,998,000	\$6,238,714	2.50%	\$155,968		
20	2034	\$8,401,449	\$1,998,000	\$6,403,449	2.50%	\$160,086		

**EXHIBIT 6**  
**Letter from the City Attorney**

**GRANT F. LANGLEY**  
City Attorney

**LINDA ULISS BURKE**  
**VINCENT D. MOSCHELLA**  
**DANIELLE M. BERGNER**  
**MIRIAM R. HORWITZ**  
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**PATRICIA A. FRICKER**  
**HEIDI WICK SPOERL**  
**KURT A. BEHLING**  
**GREGG C. HAGOPIAN**  
**ELLEN H. TANGEN**  
**JAY A. UNORA**  
**MARYNELL REGAN**  
**KATHRYN Z. BLOCK**  
**ADAM B. STEPHENS**  
**KEVIN P. SULLIVAN**  
**THOMAS D. MILLER**  
**JARELY M. RUIZ**  
**ROBIN A. PEDERSON**  
**MARGARET C. DAUN**  
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**MARY L. SCHANNING**  
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**T.C. MAKAYA**  
**KAIL J. DECKER**  
**ALLISON N. FLANAGAN**  
**LA KEISHA W. BUTLER**  
Assistant City Attorneys

May 11, 2015

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

Re: Project Plan for Tax Incremental District No. 83  
(Broadway & Michigan)

Dear Commissioner Marcoux:

Pursuant to your request, we have reviewed the Project Plan for the above-described Tax Incremental District No. 83.

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

Very truly yours,

  
GRANT F. LANGLEY  
City Attorney

  
MARY L. SCHANNING  
Assistant City Attorney

MLS/ml:215344

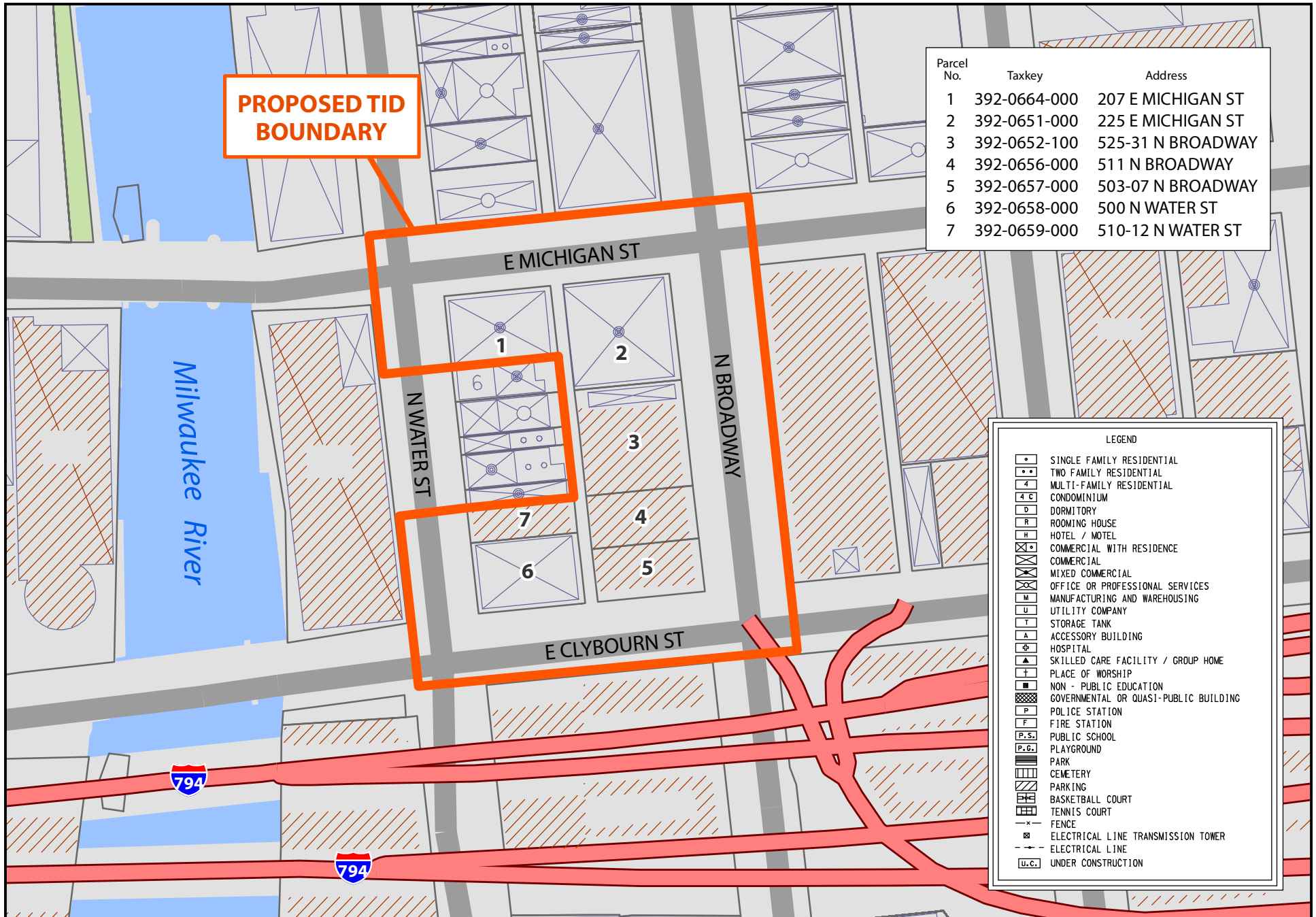
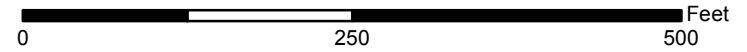
1050-2015-875



# BROADWAY AND MICHIGAN TID

## MAP 1: BOUNDARY AND EXISTING LAND USE

Prepared by the Department of City Development Planning Division, 14 April 2015  
 Source: City of Milwaukee Information & Technology Management Division



**PROPOSED TID BOUNDARY**

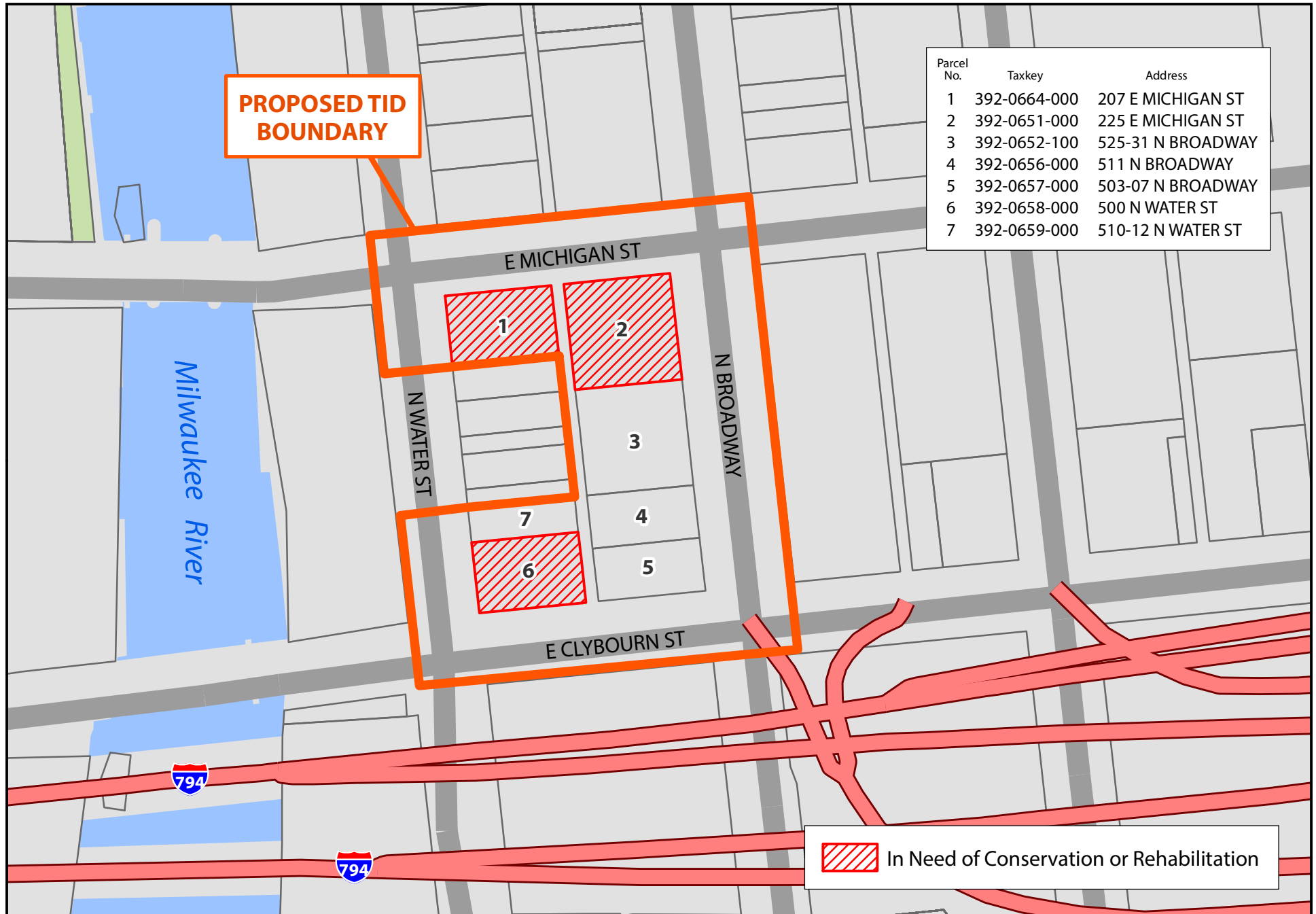
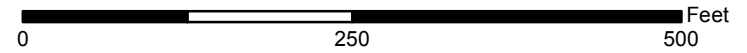
Parcel No.	Taxkey	Address
1	392-0664-000	207 E MICHIGAN ST
2	392-0651-000	225 E MICHIGAN ST
3	392-0652-100	525-31 N BROADWAY
4	392-0656-000	511 N BROADWAY
5	392-0657-000	503-07 N BROADWAY
6	392-0658-000	500 N WATER ST
7	392-0659-000	510-12 N WATER ST

LEGEND	
[Symbol]	SINGLE FAMILY RESIDENTIAL
[Symbol]	TWO FAMILY RESIDENTIAL
[Symbol]	MULTI-FAMILY RESIDENTIAL
[Symbol]	CONDOMINIUM
[Symbol]	DORMITORY
[Symbol]	ROOMING HOUSE
[Symbol]	HOTEL / MOTEL
[Symbol]	COMMERCIAL WITH RESIDENCE
[Symbol]	COMMERCIAL
[Symbol]	MIXED COMMERCIAL
[Symbol]	OFFICE OR PROFESSIONAL SERVICES
[Symbol]	MANUFACTURING AND WAREHOUSING
[Symbol]	UTILITY COMPANY
[Symbol]	STORAGE TANK
[Symbol]	ACCESSORY BUILDING
[Symbol]	HOSPITAL
[Symbol]	SKILLED CARE FACILITY / GROUP HOME
[Symbol]	PLACE OF WORSHIP
[Symbol]	NON - PUBLIC EDUCATION
[Symbol]	GOVERNMENTAL OR QUASI-PUBLIC BUILDING
[Symbol]	POLICE STATION
[Symbol]	FIRE STATION
[Symbol]	PUBLIC SCHOOL
[Symbol]	PLAYGROUND
[Symbol]	PARK
[Symbol]	CEMETERY
[Symbol]	PARKING
[Symbol]	BASKETBALL COURT
[Symbol]	TENNIS COURT
[Symbol]	FENCE
[Symbol]	ELECTRICAL LINE TRANSMISSION TOWER
[Symbol]	ELECTRICAL LINE
[Symbol]	UNDER CONSTRUCTION

# BROADWAY AND MICHIGAN TID

## MAP 2: STRUCTURE CONDITION

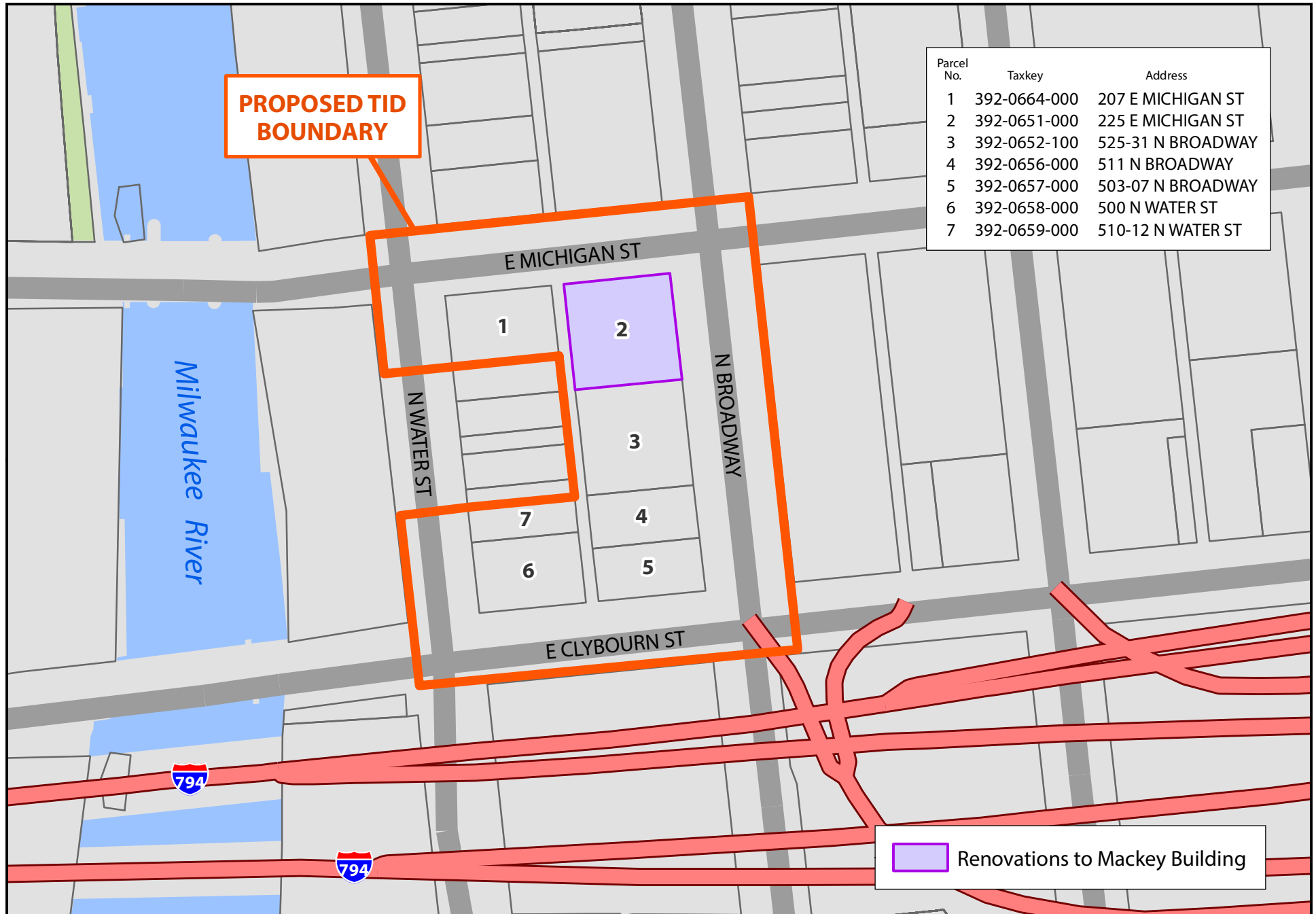
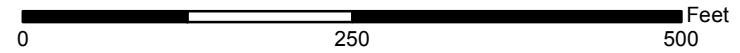
Prepared by the Department of City Development Planning Division, 14 April 2015  
Source: City of Milwaukee Information & Technology Management Division



# BROADWAY AND MICHIGAN TID


## MAP 3: PROPOSED USES AND IMPROVEMENTS

Prepared by the Department of City Development Planning Division, 14 April 2015  
 Source: City of Milwaukee Information & Technology Management Division



**PROPOSED TID BOUNDARY**

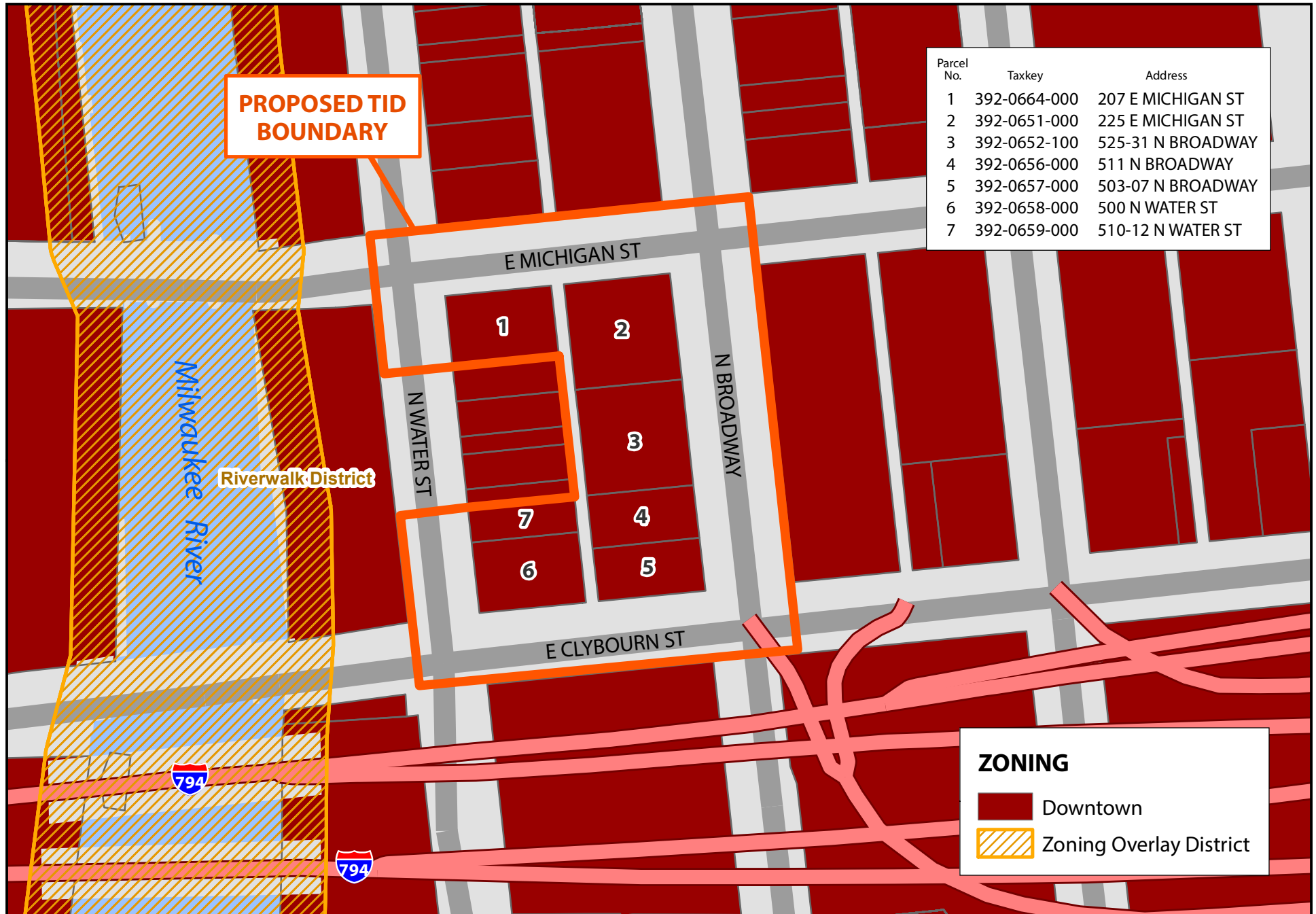
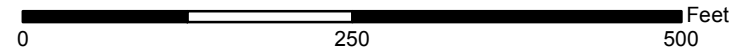
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6	392-0658-000	500 N WATER ST
7	392-0659-000	510-12 N WATER ST

 Renovations to Mackey Building

# BROADWAY AND MICHIGAN TID



## MAP 4: EXISTING ZONING

Prepared by the Department of City Development Planning Division, 14 April 2015  
Source: City of Milwaukee Information & Technology Management Division



Parcel No.	Taxkey	Address
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2	392-0651-000	225 E MICHIGAN ST
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4	392-0656-000	511 N BROADWAY
5	392-0657-000	503-07 N BROADWAY
6	392-0658-000	500 N WATER ST
7	392-0659-000	510-12 N WATER ST

**ZONING**

-  Downtown
-  Zoning Overlay District