

Project Plan
For
Tax Incremental District Number 82
East Michigan
City of Milwaukee

November 2014

Redevelopment Authority
Of the
City of Milwaukee
Milwaukee, Wisconsin

Prepared by
Department of City Development

In Conformance with the provisions
Of Section 66.1105, Wisconsin Statutes

*Prepared by: S. B. Friedman & Company
November 2014*

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I. DESCRIPTION OF THE TID PROJECT

A. INTRODUCTION

Sec. 66.1105(4)(d), Stats., requires the "preparation and adoption... of a proposed project plan for each tax incremental district." This TID Project Plan is submitted in fulfillment of this requirement and the related provisions of Sec. 66.1105, Wisconsin Statutes. The implementation of this TID Project Plan includes construction of portions of two segments of the proposed streetcar line and related infrastructure, street repaving projects, as well as public improvements and infrastructure related to The Couture.

B. DISTRICT BOUNDARIES AND COMPLIANCE WITH STATUTORY ELIGIBILITY CRITERIA

The East Michigan Tax Incremental District No. 82 ("District" and/or "TID") comprises two properties at 909 East Michigan Street (taxkey: 392-1678-121) and 833 East Michigan Street (taxkey: 396-0491-000) totaling approximately 4.6 acres (collectively, the "Property"). The District is generally located west of Lincoln Memorial Drive between East Michigan Street and East Clybourn Street in the City of Milwaukee. Approximately 77% of the real property located within the District was found to be in need of rehabilitation or conservation work within the meaning of Sec. 66.1105(4)(gm), Stats.

The District is shown in **Map No. 1, "Boundary and Existing Land Use,"** and a legal description of the boundary is provided in **Exhibit 1, "Boundary Description."** An illustration of how the property in the District meets the statutory criteria for Tax Incremental Districts is provided in **Exhibit 2, "Property Characteristics."** Current property owners are provided in **Exhibit 3, "Parcel Owners."**

C. TID PROJECT PLAN GOALS AND OBJECTIVES

The District is being created under authority of Sec. 66.1105(2)(a)(1)(b) Stats., primarily to improve downtown connectivity and pedestrian access to the lakefront by providing funding for portions of two segments of the streetcar line, a multimodal transportation hub and other public improvements and infrastructure necessary to energize downtown, expand transit options and promote development, rehabilitation and conservation of the District and surrounding properties. Two catalytic developments are expected within the District:

- 833 East is an 18-story Class A office building with 6,000 square feet of retail space currently under construction at 833 E. Michigan Street, located adjacent to the US Bank Center campus.
- The Couture, located at 909 E. Michigan, is a planned 44-story mixed-use development comprised of approximately 302 market rate apartments, approximately 49,835 square feet of retail and restaurants, and substantial public components. The Couture, which will replace the existing Milwaukee County ("County") Downtown Transit Center, will provide an integrated multimodal transit hub, publically accessible plazas and publically accessible natural indoor/outdoor spaces, pedestrian bridges and a new lakefront stop for the proposed streetcar line.

These developments are expected to increase the tax base and provide additional employment opportunities in downtown Milwaukee. They are also anticipated to further the City of Milwaukee's job creation, redevelopment, and reinvestment goals.

More detailed objectives of this TID Project Plan are to:

- Provide funding for public improvements and infrastructure that are not financially feasible without public/private cooperation;
- Implement a Catalytic Project, as set forth in the Downtown Area Plan 2010 Update, which calls for the creation of the streetcar line and improved public access to the lakefront;
- Increase the tax base of the City by developing property in need of rehabilitation or conservation in downtown Milwaukee; and
- Create jobs in downtown Milwaukee.

As described further in **Section II.A** of this TID Project Plan, funds generated from the District will be used for the following improvements:

- **Streetcar Line Segments.** Funding for construction of two segments of the Milwaukee Streetcar initial and lakefront lines, and associated public improvements and infrastructure, within a one half-mile radius of the District boundary, per Section 66.1105(2)(f) Stats.
- **Public Improvements Associated with The Couture.** Funding to reimburse the developer of The Couture for construction of non-revenue generating public improvements, infrastructure and publically accessible amenities associated with The Couture. Such improvements include the following components:
 - **Public Transportation Concourse**, connecting the public to bus and rail transit, public walkways, parking, bike share and street side pickup;
 - **Visitor Walkways**, directing visitors to area retail, downtown businesses, public transportation, nearby attractions and public lakefront pathways;
 - **Public Area Core/Common Space/Pedestrian and Bike Amenities**, including handicap accessible points to elevators, public parking and public/private transit;
 - **Public Pedestrian Visitor Plaza**, a welcoming public space for visitors;
 - **Publically Accessible Plazas and Natural Indoor/Outdoor Spaces**, a public natural surface and aesthetic environment for downtown office employees, residents, and tourists; and
 - **Public Access Stairs to Walkways**, providing capacity for moving the public through the intermodal transit hub.
- **Street Repaving.** Repaving of North Astor Street from East Kilbourn Avenue to East State Street, within a one-half mile radius of the District boundary, per Section 66.1105(2)(f) Stats.
- **Workforce Training.**

The location of TID-funded improvements is illustrated in **Map No. 3, "Proposed Uses and Improvements."**

The City may, on its own initiative or through cooperation agreements with other entities, undertake any and all TID Project and site improvements and activities considered necessary to achieve TID Project objectives and the commitment of private investment. It is possible that future amendments to this Project Plan will be proposed.

D. EXISTING LAND USES AND CONDITIONS IN THE DISTRICT

The District comprises two properties: 909 East Michigan Street (taxkey: 392-1678-121) and 833 East Michigan Street (taxkey: 396-0491-000). The property at 909 East Michigan Street, the currently underutilized and obsolete Milwaukee County Downtown Transit Center, is currently exempt from property taxes, and is zoned Parks District (PK). The 833 East Michigan Street property is currently under development, and has a 2014 assessed value of \$5.4 million. The property is currently zoned as high-density downtown office and service (C9F(A)).

II. PLAN PROPOSALS

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

A. STATEMENT OF THE KIND, NUMBER, AND LOCATION OF ALL PROPOSED PUBLIC WORKS OR IMPROVEMENTS

The specific kind, number, location, and estimated costs of public works and other improvements as identified below are based on preliminary plans and concepts developed in consultation with the Department of City Development and as part of the preparation of the economic feasibility study for the District. These may be modified as to kind, number, location, and the costs allocated at any time during TID Project execution based on more definitive engineering studies and construction plans without amendment of this TID Project Plan. Actual construction of public works, improvements and infrastructure will be based on detailed final plans, specification, and estimates as approved by the City's Department of City Development for the TID Project. Actions such as vacation of existing public rights-of-way, land acquisition, site clearance, environmental remediation, and reimbursement to owners of abutting property for costs directly related to the TID Project also may be undertaken, if necessary, for the implementation of this TID Project Plan for the District.

Any expenditures or monetary obligations directly or indirectly related to the construction of public works, improvements and infrastructure are considered "project costs" and shall be eligible to be paid with tax increment revenues of the District. TID project Costs will be paid in part by any income, special assessments, or other revenues, including user fees or charges. Additional costs identified in this TID Project Plan are preliminary estimates made prior to design finalization and are subject to change after the design process is completed. Allocation of costs between individual line items in this TID Project Plan is also based on estimates and is subject to change based upon implementation and future assessment policies.

The following public improvements and infrastructure expenditures, and associated administrative activities are expected to occur within and around the TID:

- **Milwaukee Streetcar Line:** Funding for construction of portions of two segments of the initial and lakefront streetcar lines and associated public infrastructure improvements within a one half-mile radius of the District boundary, per Sec. 66.1105(2)(f), Stats.
- **The Couture Public Improvements, Infrastructure and Amenities:** Reimbursement of The Couture developer for construction of publicly-accessible, non-revenue-generating components of The Couture, including:
 - Public transportation concourse;

- Visitor walkways;
- Public area core/common space and stairs/pedestrian and bike amenities;
- Public pedestrian visitor plaza;
- Publically accessible plazas and natural indoor/outdoor spaces; and
- Public access stairs to walkways.

The terms of payment for public improvements, infrastructure and amenities associated with The Couture will be included in a Development Agreement between the City and The Couture developer to be executed prior to disbursement of TID funds. See the Term sheet, attached as **Exhibit 4, “Term Sheet.”**

- **Street Repaving.** Repaving of North Astor Street from East Kilbourn Avenue to East State Street, within a one-half mile radius of the District boundary, per Section 66.1105(2)(f) Stats.
- **Workforce Training.**

TID Project Costs may include elements such as:

- *Organizational Costs:* These costs include but are not limited to fees of the financial consultant, attorney, engineers, surveyors, map makers, and other professional services.
- *Administrative Costs:* This category of TID Project Costs includes estimates for administrative, professional, organizational, and legal costs. Components of the administrative costs include, in general, costs of salaries and benefits for employees engaged in planning, engineering, implementing, and administering activities in connection with the District. Related costs of supplies, materials, contract and consultant services, travel, rental of space and equipment, and the reasonable costs of City departments and agencies having oversight responsibilities due to the creation of the District. Such services include but are not limited to purchasing, property appraisals, personnel, legal, accounting, auditing, the provision of space and maintenance, and costs charged in accordance with an approved cost allocation plan.
- *Relocation Costs:* In the event any property is acquired for the TID Project, expenses including the cost of a relocation plan, director, staff, publications, appraisals, land and property acquisition costs, and relocation benefits as required by Sec. 32.19 and 32.195, Stats. are considered eligible project costs.
- *Finance Costs:* Interest, financing fees, redemption premiums, and other similar costs are included as TID Project Costs.

The number and location of proposed public works, improvements and infrastructure are shown in **Map No. 3, “Proposed Uses and Improvements”** and a budget is included in **Section II.B** of this TID Project Plan.

B. DETAILED LIST OF ESTIMATED TID PROJECT COSTS

The costs included in this subsection and detailed in **Table B** on page 7 are, without limitation because of enumeration, eligible TID Project Costs as defined under Sec. 66.1105(2)(f), stats., and, if appropriate, in any cooperation agreement(s) entered into by and between the City and eligible designated developer(s), provided further that such expenditures are necessitated by this TID Project Plan.

This TID Project Plan is meant neither to be a budget nor an appropriation of funds for specific activities, but a framework with which to manage various components of the TID Project. All costs included in this

TID Project Plan are estimates based on the best information available. The City retains the right to remove elements or change the scope and/or timing of elements implemented as they are individually authorized by the City Common Council, without amending this TID Project Plan.

Costs are based on 2014 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other unforeseen circumstances between 2014 and the time of construction. The City also reserves the right to increase certain TID Project Costs to the extent others are reduced or not implemented, without amending this TID Project Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the TID Project Plan. The Department of City Development will only advance further TID Project Costs which can be supported by projected tax increments. Common Council action will be required for proposed future costs.

These costs estimates are more fully described as follows:

Capital Costs

The City shall fund an estimated \$48.65 million in the form of TID Project Costs for capital elements enumerated in further detail in **Table A** of this Plan.

Table A: TID Project Costs for Capital Elements

Segments of the Streetcar Lines	\$31,000,000
Couture Public Amenities	
Public Transportation Concourse	\$6,000,000
Visitor Walkways	\$3,100,000
Public Area Core/Common Space/Pedestrian & Bike Amenities	\$3,000,000
Public Pedestrian Visitor Plaza	\$2,200,000
Publically Accessible Plazas and Natural Indoor/Outdoor Spaces	\$2,000,000
Public Access Stairs to Walkways	\$1,200,000
Subtotal Couture Public Amenities	\$17,500,000
Street Repaving	\$150,000
Total Capital Costs	\$48,650,000

Source: City of Milwaukee, Barrett Visionary Development

In the event that The Couture does not move forward for any reason, the funds designated in **Table A** for Couture Public Amenities will only be expended to the extent necessary to provide public access to the lakefront streetcar line and the lakefront and to provide related pedestrian and bicycle amenities connecting the various modes of public and private transportation within the District. Such expenditures shall be limited by the financing restrictions in Section II.C, below.

Other Costs

This category of TID Project Costs includes estimates for programmatic, administrative, professional, organizational and legal costs. Workforce training costs are estimated to total \$400,000. Administrative costs are estimated at \$500,000.

Financing Costs

Financing costs include estimated gross interest expenses on bonds or notes that may be issued to pay for public improvements and infrastructure costs and to repay The Couture developer for costs associated with constructing public amenities in The Couture. Estimates of interest are based on interest rates as set forth in the Economic Feasibility Analysis, attached as **Exhibit 5, “Feasibility Study.”** The Economic Feasibility Analysis assumed City of Milwaukee general obligation bonds will be issued. However, nothing in this Project Plan or the Economic Feasibility Analysis shall prohibit the City of Milwaukee from issuing promissory notes, using bonds issued by the Redevelopment Authority of the City of Milwaukee or using some other funding mechanism besides general obligation bonds.

Table B: Lists of Estimated Project Costs

Capital:	
Segments of the Streetcar Lines	\$31,000,000
Couture Development Public Improvement, Infrastructure and Amenities	\$17,500,000
Street Repaving	\$150,000
Other:	
Workforce Training	\$400,000
Administrative, professional, organizational and legal	\$500,000
Total Estimated Project Costs (excluding financing)	\$49,550,000
Financing:	
Interest payments on municipal bonds [1]	\$24,300,000

[1] Interest is based on an assumed City cost of funds of 4.75% on bonds issued in 2017, 2018 and 2019, and retired by the 19th year of the TID.

C. DESCRIPTION OF TIMING AND METHODS OF FINANCING

In anticipation of the fact that The Couture may not proceed immediately, the City may proceed to fund initial capital and administrative costs using general obligation bonds or notes or Redevelopment Authority bonds to be issued in amounts which can be supported using projected tax increments. It is estimated that tax increments generated by the 833 East can support debt service payments on \$32.05 million in general obligation borrowing.

All expenditures are expected to be incurred during the period from 2015-2022.

All capital and administrative costs are currently anticipated to be funded by a combination of City of Milwaukee promissory notes and Redevelopment Authority revenue bonds. General obligation bonds or other funding mechanisms may also be utilized.

D. ECONOMIC FEASIBILITY STUDY

The Economic Feasibility Study for the District, titled *East Michigan TID Economic Feasibility Report* and dated November 2014, is attached to this TID Project Plan as **Exhibit 5, “Economic Feasibility Study.”** The study establishes the dollar value of the TID 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 19 of the TID. Should incremental tax revenues be generated in excess of those currently anticipated, they will be used to offset costs of TID Project Plan implementation and retire the TID in a shorter timeframe.

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. 833 East is consistent with the existing zoning, which is C9F (Downtown District – High-density Office and Service). The Couture, located at 909 E. Michigan, is currently zoned as PK (Park District) and will require rezoning as DPD (Detailed Planned Development) for construction as a mixed-use building. Both developments are in accordance with the existing master plan, map, building codes, and other city ordinances.

H. LIST OF ESTIMATED NON-PROJECT COSTS

Non-TID project costs include new private commercial and residential development associated with 833 East and The Couture, and are estimated to total approximately \$206 million, as indicated in **Table C**.

Table C: Estimated Non-TID Project Costs

833 East	\$101,500,000
Couture	\$104,500,000
Total	\$206,000,000

Source: Irgens, Barrett Visionary Development

I. PROPOSED METHOD FOR RELOCATION

This TID Project Plan does not anticipate the acquisition of property by the City. 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 an acquisition plan and associated relocation plan to be approved by the Wisconsin Department of Commerce. The costs of such activities will be eligible for reimbursement through tax incremental 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 contribute to the orderly development of the City by providing the opportunity for continued growth in tax base and improved aesthetics in the City. It will provide a means to continue the revitalization of downtown Milwaukee, and more specifically, the Downtown Lakefront District. The TID is consistent with the objectives of the Downtown Area Plan, updated in 2010, which identifies East Michigan Street as a key component of the Lakefront Gateway Project, which aims to connect Downtown to the lakefront through public spaces, improved infrastructure and private development. The Downtown Area Plan sets forth the following objectives, which will be accomplished, in part, by the District: “developing vertically above the transit center site with a single or a mix of uses with a public plaza,” “significantly improving pedestrian access from Downtown to the Lakefront attractions” and “providing a “business-quality” means of interconnecting Downtown’s working, living, and visiting population that is convenient, comfortable, and enjoyable.”

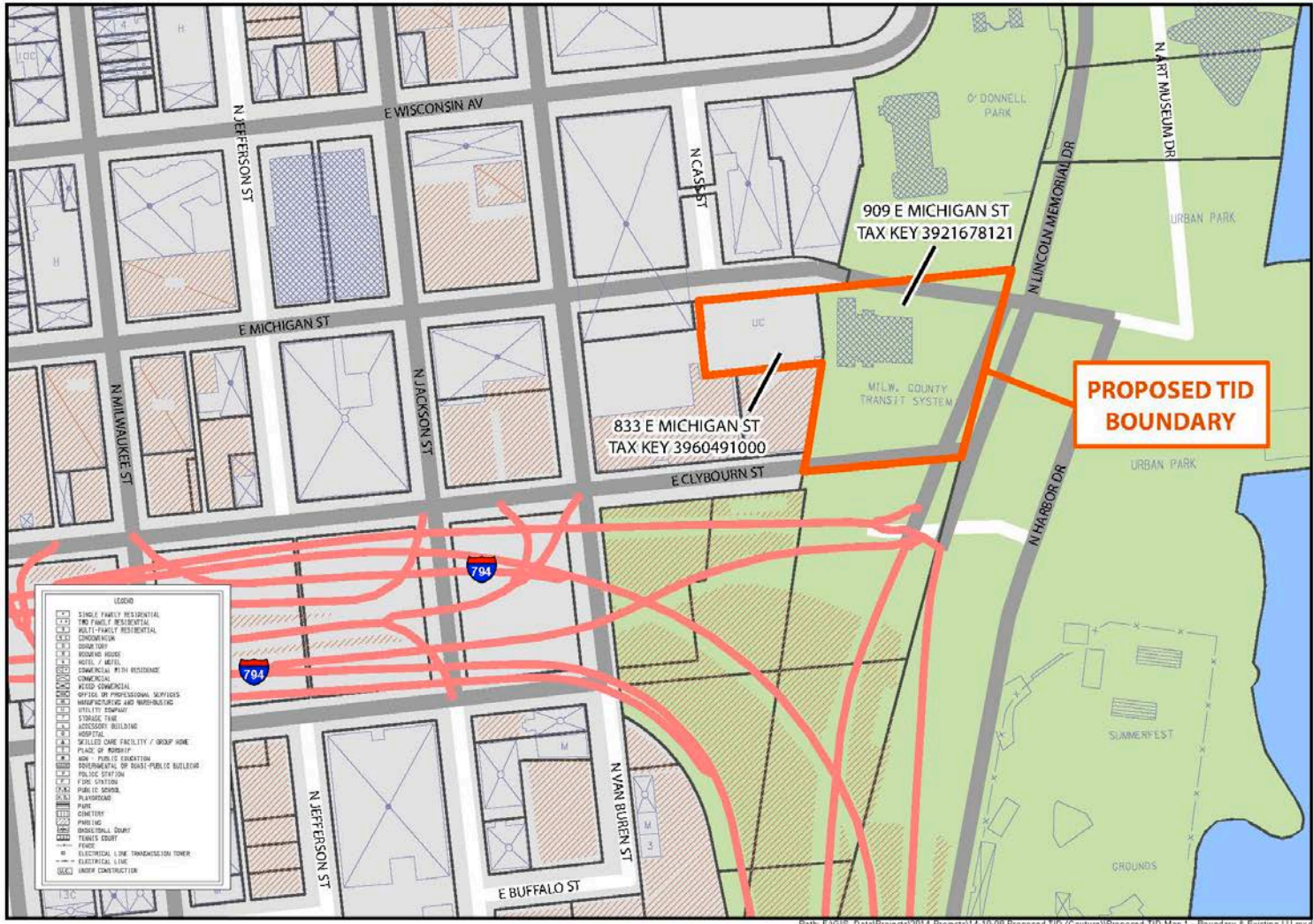
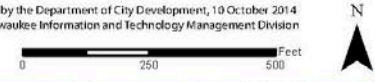
K. OPINION OF THE CITY ATTORNEY

Please refer to **Exhibit 5, “Letter from the City Attorney.”**

East Michigan TID

Map 1: Boundary and Existing Land Use

Prepared by the Department of City Development, 10 October 2014
 Source: City of Milwaukee Information and Technology Management Division



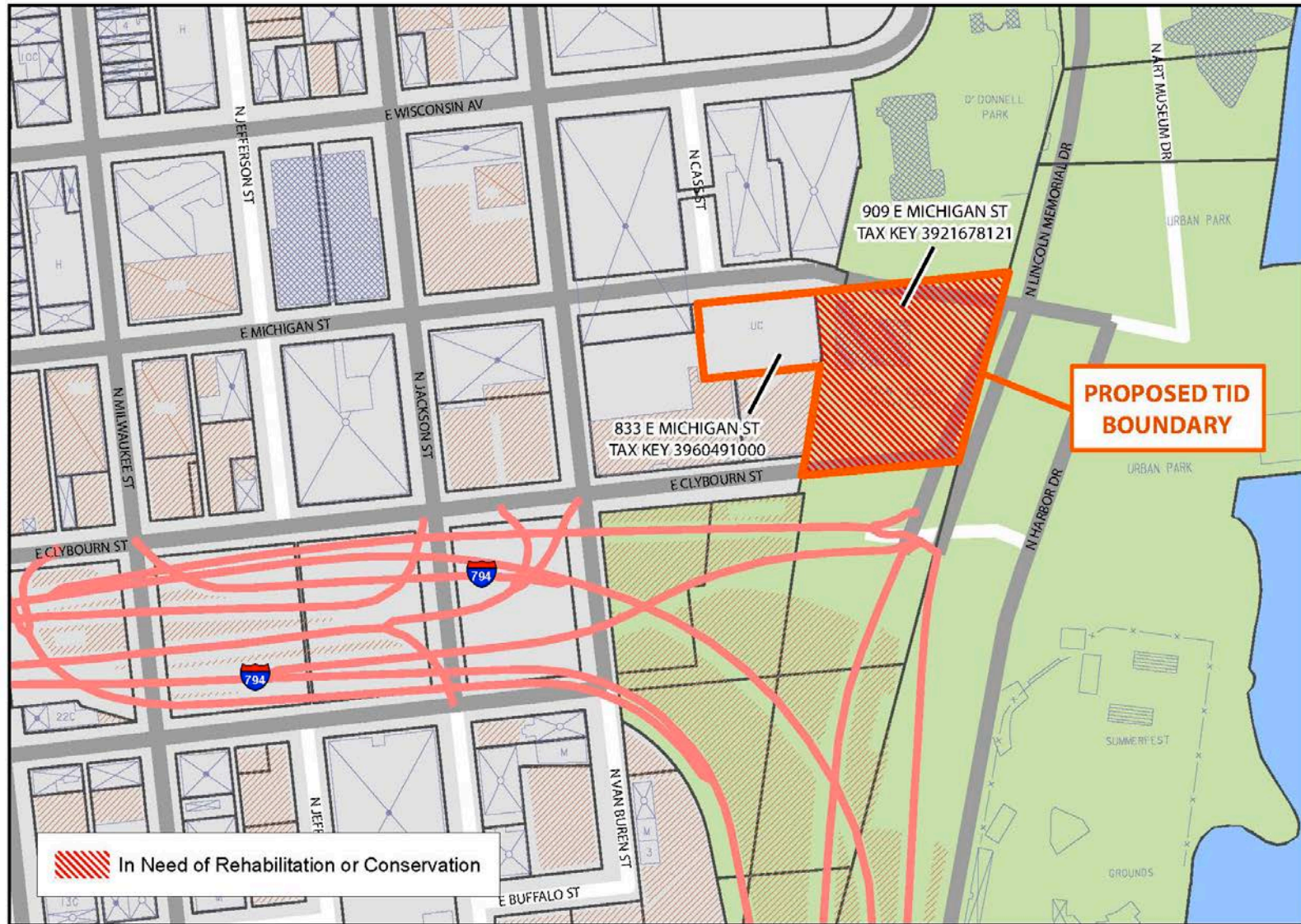
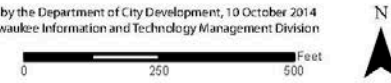
LEGEND

- [Symbol] SINGLE FAMILY RESIDENTIAL
- [Symbol] TWO FAMILY RESIDENTIAL
- [Symbol] MULTI-FAMILY RESIDENTIAL
- [Symbol] CONDOMINIUM
- [Symbol] SHOWN TOWN
- [Symbol] BOARDING HOUSE
- [Symbol] HOTEL / MOTEL
- [Symbol] COMMERCIAL WITH RESIDENCE
- [Symbol] COMMERCIAL
- [Symbol] MIXED COMMERCIAL
- [Symbol] OFFICE OR PROFESSIONAL SERVICES
- [Symbol] MANUFACTURING AND WAREHOUSING
- [Symbol] UTILITY EQUIPMENT
- [Symbol] STORAGE TANK
- [Symbol] ACCESSORY BUILDING
- [Symbol] HOSPITAL
- [Symbol] SKILLED CARE FACILITY / GROUP HOME
- [Symbol] PLACE OF WORSHIP
- [Symbol] HIGH SCHOOL
- [Symbol] ELEMENTARY OR JUNIOR PUBLIC BUILDING
- [Symbol] POLICE STATION
- [Symbol] FIRE STATION
- [Symbol] PUBLIC SCHOOL
- [Symbol] PLAYGROUND
- [Symbol] PARK
- [Symbol] CEMETERY
- [Symbol] PRISON
- [Symbol] INDUSTRIAL COURT
- [Symbol] TRUCK STOP
- [Symbol] FENCE
- [Symbol] ELECTRICAL LINE TRANSMISSION TOWER
- [Symbol] ELECTRICAL LINE
- [Symbol] UNDER CONSTRUCTION

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East Michigan TID Map 2: Structure Condition

Prepared by the Department of City Development, 10 October 2014
Source: City of Milwaukee Information and Technology Management Division

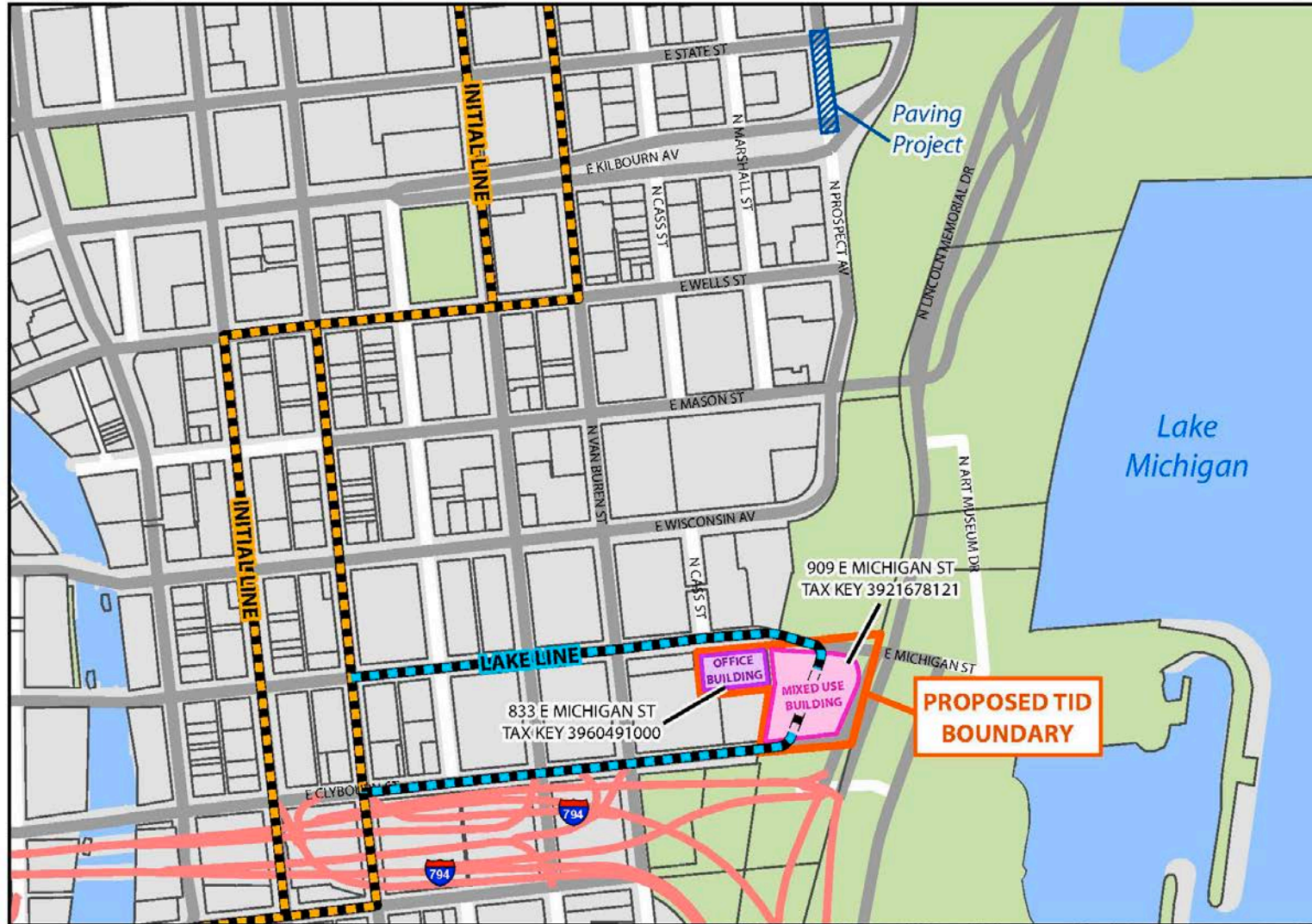
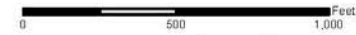


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East Michigan TID

Map 3: Proposed Uses and Improvements

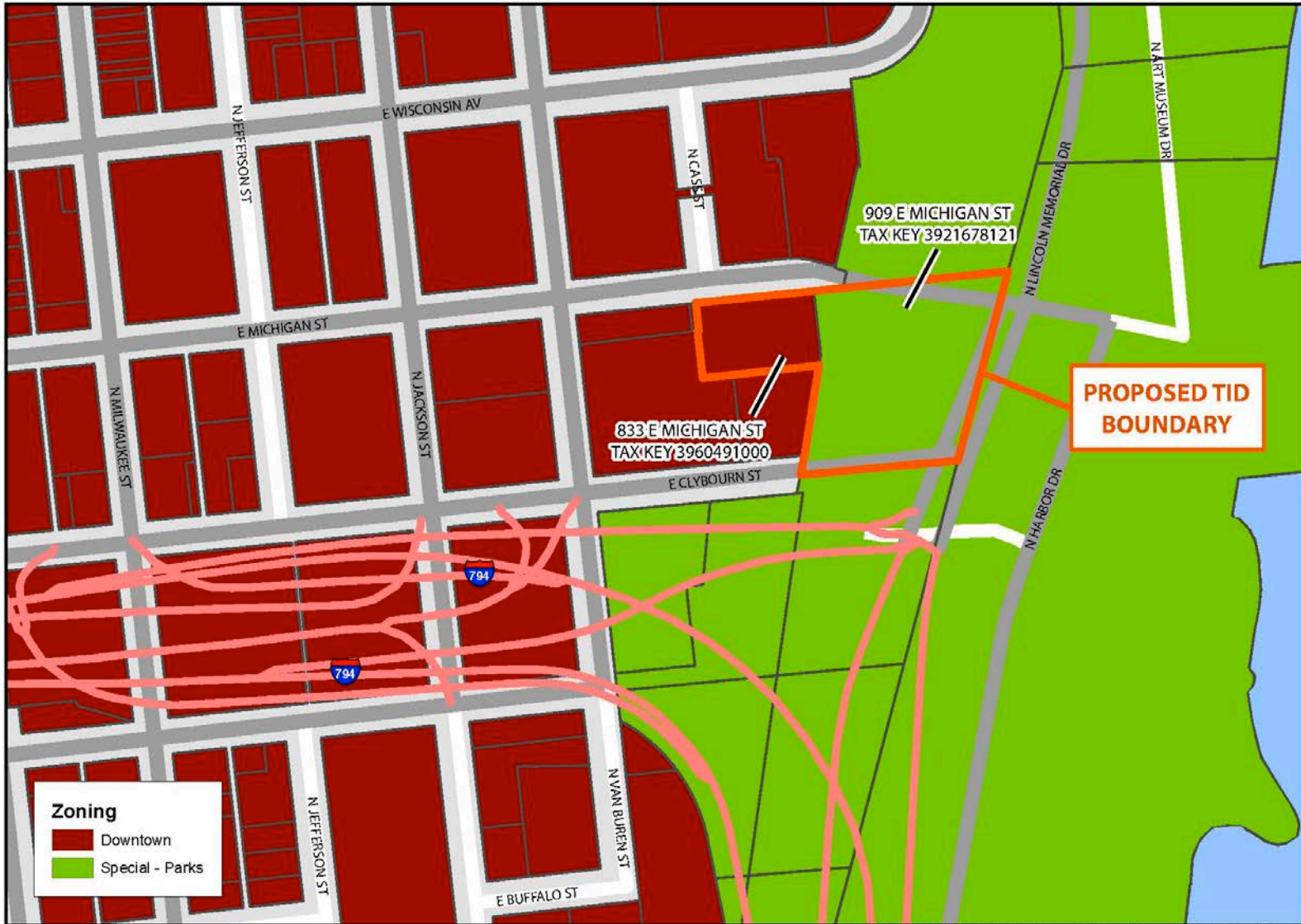
Prepared by the Department of City Development, 17 November 2014
Source: City of Milwaukee Information and Technology Management Division



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East Michigan TID Map 4: Existing Zoning

Prepared by the Department of City Development, 10 October 2014
Source: City of Milwaukee Information and Technology Management Division



Path: F:\GIS_Data\Projects\2014 Projects\14-10-08 Proposed TID (Couture)\Proposed TID Map 4 - Existing Zoning.mxd

Exhibit 1: Boundary Description

Beginning at a point at the intersection of the west line of 833 East Michigan Street and the north line of 833 East Michigan Street;

Thence, east along the north line of 833 East Michigan Street to the intersection with the east line of 909 East Michigan Street;

Thence, south along the east line of 909 East Michigan Street 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 909 East Michigan Street extended;

Thence, north along the west line of 909 East Michigan Street extended to the south line of 833 East Michigan Street;

Thence, west along the south line of 833 East Michigan Street to the west line of 833 East Michigan Street;

Thence, north along the west line 833 East Michigan Street to the point of beginning and more particularly depicted in Map 1 of this Project Plan.

Exhibit 2: Property Characteristics

Parcel No.	Taxkey	Owner Name	Land Assessment (2014)	Improvement Assessment (2014)	Total Assessment (2014)	Lot SF	In Need of Rehabilitation or Conservation
1	392-1678-121	MILWAUKEE COUNTY	0	0	0	154,750	154,750
2	396-0491-000	833 BUENA VISTA TIERRA	4,434,900	965,100	5,400,000	44,349	0
Total			4,434,900	965,100	5,400,000	199,087	154,750
Percentage							78%

Source: Milwaukee Assessor’s Office

Exhibit 3: Parcel Owners

Parcel No.	Taxkey	Address	Owner
1	392-1678-121	909 EAST MICHIGAN STREET	MILWAUKEE COUNTY
2	396-0491-000	833 EAST MICHIGAN STREET	833 BUENA VISTA TIERRA INVESTORS LLC

Source: Milwaukee Assessor’s Office

Exhibit 4: Term Sheet

**TERM SHEET
DEVELOPMENT AGREEMENT
EAST MICHIGAN STREET - TID NO. 82**

Couture Project:

The Couture Project is a mixed-use residential and retail development with a public transportation concourse and other public amenities. The Couture Project is proposed for the southwest corner of Lincoln Memorial Drive and Michigan Street in the City of Milwaukee on the site of the existing Milwaukee County Downtown Transit Center (the "Site")*. The Couture Project will include the following:

- approximately 302 market-rate apartments ranging from 863 to 1,593 square feet;
- approximately 49,835 square feet of retail and restaurant space;
- approximately 570 spaces of structured parking to accommodate on-site commercial and residential uses as well as general area parking needs;
- a pedestrian street and transportation concourse which will serve as a major destination point for several modes of private and public transportation, including the proposed Milwaukee Streetcar line;
- approximately 30,000 square feet of publicly accessible natural indoor/outdoor spaces, as well as related access; and
- public walkways and terraces, which may include skywalk connections linking the Couture Project to O'Donnell Park to the north, the Lake Michigan lakefront to the east; and potentially a future development site located immediately to the south across Clybourn Avenue as well as the 833 Project to the west.

Public Infrastructure Project:

The Public Infrastructure Project will include a pedestrian street and public transportation concourse through the center of the Site at the first and second levels which will serve as a major element of the proposed Milwaukee Streetcar line. The public transportation concourse includes a pedestrian visitor plaza, public transit connections linking the public to bus and rail transit, public walkways, bikeshare and streetside pickup areas. Visitor walkways within the public transportation concourse will connect to the public walkways and terraces, including any skywalk connections constructed as part of the Public Infrastructure Project or otherwise, linking the Couture Project to O'Donnell Park, the Lake Michigan lakefront and potentially, the future development site to the south as well as the 833 Project to the west. A public area core, located in part within the Couture Project, will contain public and handicap access points to elevators, public parking, public and private transit as well as the as publicly accessible natural indoor/outdoor spaces.

The publicly accessible natural indoor/outdoor spaces will consist of approximately 30,000 square feet to be located on the Site and made available to serve downtown office employees, residents and the general public.

*Certain capitalized terms used in this term sheet are defined on **Attachment A**.

The public transportation concourse is anticipated to be open 24 hours a day, seven days a week and 365 days a year. The publicly accessible natural indoor/outdoor spaces are anticipated to be open during hours when Milwaukee County Parks are customarily open.

Developer:

The Couture LLC, a Wisconsin limited liability company.

Zoning/Design Review and Other Approvals:

Zoning for the Couture Project is to be Detailed Plan Development. Plans and specifications for the Couture Project and the Public Infrastructure Project shall be subject to the review and approval of City’s Commissioner of City Development (the “Commissioner”). The Parties anticipate the preparation of a certified survey map prior to Developer’s acquisition of the Site. 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 Couture Project and the Public Infrastructure Project.

Tax Incremental District:

City intends to create a Tax Incremental District (“TID No. 82”) encompassing the Site and additional real property to the west of the Site in order to fund the Public Infrastructure Project and administrative costs, all as set forth in the Project Plan, as well as to provide additional funding for public transportation improvements within one half mile of TID No. 82. TID No. 82 will fund design and construction of the Public Infrastructure Project in an amount not to exceed \$17,500,000.

Development Schedules:

Construction of the Couture Project and Public Infrastructure Project shall commence within five years following creation of TID No. 82 or as specified in the Development Agreement by and between Milwaukee County and Developer, whichever shall first occur. Developer shall secure a Certificate of Occupancy and reach Couture Project completion within 42 months of construction commencement.

Budget:

Attachment B. Couture Project Budget

Attachment C. Public Infrastructure Project Budget

Couture Project Financing:

The current development cost for the Couture Project is estimated to be approximately \$122 million. Developer anticipates securing approximately \$80 million in conventional financing,

assuming a 1.25 debt coverage ratio and stabilization. Developer's current pro forma assumes interest-only payments through stabilization at a 5% interest rate, followed by amortization over a 30-year period with a 5.5% interest rate.

Developer Equity:

Developer anticipates raising approximately \$25 million in equity to finance the Couture Project, including up to \$5 million from Developer and current Developer partners as well as approximately \$20 million in outside investor funds.

Developer Fee:

A developer fee of approximately \$4.7 million has been included in the Couture Project budget.

Conditions to Disbursement of Public Infrastructure Project Funding:

- A. Site Acquisition
- B. Zoning/Design Review and Approval
- C. Evidence of Financing
- D. Executed Construction Contracts
- E. Developer Completion Guaranty/Bond
- F. Condominium Documentation
- G. Public Access Easements
- H. Assessment Guaranty
- I. PILOT Agreement

Terms for Disbursement of Public Infrastructure Project Funding:

Periodic draws, not to exceed once per month, for reimbursement of Public Infrastructure Project costs with a 10% retainage. In the alternative, a disbursement agreement consistent with the disbursement agreement for the Developer's conventional financing may be utilized.

Bidding for Public Infrastructure Project:

Developer shall solicit bids from multiple contractors for construction of the Public Infrastructure Project in order to assure that construction costs funded by TID No. 82 are reasonable and within industry standards.

Bids or proposals for such work shall be subject to review by a third party construction consultant selected by City.

Final selection of contractors or firms to implement the Public Infrastructure Project shall be subject to the written approval of the Commissioner.

Public Infrastructure Project Documents:

The Development Agreement shall provide for the execution and delivery of customary documentation providing for the design, construction, maintenance, operation and use of the Public Infrastructure Project including; without limitation:

- A. Disbursement Agreement
- B. Airspace Lease(s)
- C. Public Access Easement(s)
- D. Operating Agreement for Public Transportation Concourse
- E. Operating Agreement for future skywalk connections

Environmental Considerations:

The Couture Project and the Public Infrastructure Project will each be developed and constructed in an environmentally conscious manner in compliance with all federal, state and local laws.

Human Resources:

The human resources requirements for the Couture Project shall be consistent with the Milwaukee County requirements. The Parties shall enter into a Human Resources Agreement for the Public Infrastructure Project in substantially the form attached as **Attachment D** which shall require that Developer to participate in the City’s Resident Preference Program for 40% of the Public Infrastructure Project Construction Costs and to utilize Small Business Enterprises for no less than 25% of the total Public Infrastructure Project Construction Costs including the amounts expended for the purchase of non-professional services and supplies and 18% of the amounts expended for the purchase of professional services for the Public Infrastructure Project.

Defaults:

The Development Agreement will define Events of Default, corresponding cure periods, and remedies if applicable. City will work with the senior lender to coordinate documentation and develop appropriate provisions, including limitations on cross-defaults as needed.

Financial Statements:

During the construction period, Developer shall provide internally generated financial statements for the Couture Project and the Public Infrastructure Project, certified as to accuracy. At its discretion, City may request Couture Project and the Public Infrastructure Project independently audited financial statements, to be provided within ninety days of the close of any fiscal year. City shall pledge to hold such records confidential to the greatest extent permitted by the law.

Limits on Developer Action:

Until all Developer obligations under the Development Agreement have been fully discharged, Developer may not, without City consent:

- Merge with another entity;

- Enter into any transaction that would materially adversely affect the ability of Developer to complete the Couture Project and the Public Infrastructure Project or fulfill its obligations under the Development Agreement;
- Assume additional indebtedness, other than the conventional project financing described above, for which the collateral includes any portion of the Couture Project or Developer's interest therein;
- Assume or guarantee the obligations of any other person or entity that would materially adversely affect the ability of Developer to complete the Couture Project; or
- Enter into a transaction that would cause a material and detrimental change to the Developer's financial condition.

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 Development Agreement for TID No. 82, a Human Resource Agreement for the Public Infrastructure Project, a PILOT Agreement, an Assessment Guaranty Agreement and additional documents and instruments necessary to implement the Public Infrastructure Project. City intends to reasonably tailor such documents, instruments and agreements to match the terms and parameters of the senior loan documents. In recognition of the fact that there may be adjustments to 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 such agreements to exercise such discretion and grant such approvals.

1050-2012-1849:208506

Attachment A

“833 Project “ means _____

“Annual Expenses” means \$10,000.

“Assessment Guaranty” means _____.

“Couture Project” means _____.

“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.

“Project Plan” means the Plan for Tax Incremental District No. 82.

“Parties” means Developer and City.

“Public Infrastructure Project” means _____.

“Site” means _____.

Attachment B

Couture Project Budget

Preliminary Development Budget

Budget Item Cost

Acquisition Cost \$500,000

Hard Construction Cost \$98,091,325

Soft Construction Cost \$14,420,791

Financing Cost \$4,295,577

Developer Fee \$4,962,308

Total Development Cost \$122,000,000

Attachment C

Public Infrastructure Project Budget(Preliminary)

Couture Public Amenities	
Public Transportation Concourse	\$6,000,000
Visitor Walkways	\$3,100,000
Public Area Core/Common Space/Pedestrian & Bike Amenities	\$3,000,000
Public Pedestrian Visitor Plaza	\$2,200,000
Publicly accessible natural indoor/outdoor spaces	\$2,000,000
Public Access Stairs to Walkways	\$1,200,000
Subtotal Couture Public Amenities	\$17,500,000

Attachment D

Human Resource Agreement (Public Infrastructure Project)

HUMAN RESOURCES AGREEMENT
(The Couture Public Infrastructure Project)

**HUMAN RESOURCES AGREEMENT
(THE COUTURE PUBLIC INFRASTRUCTURE PROJECT)**

This Human Resources Agreement (“Agreement”) is entered into as of _____, 20___, by and between the City of Milwaukee (“CITY”), and The Couture LLC, a Wisconsin limited liability company, (“DEVELOPER”).

WHEREAS, the parties to this Agreement acknowledge and understand that this Agreement is executed in conjunction with the _____ Agreement dated even herewith (“Development Agreement”) executed by the parties in connection with the implementation of The Couture Project;

WHEREAS, DEVELOPER acknowledges that CITY has established policies regarding the utilization of SBEs (defined below), in Chapters 355 and 370 of the Milwaukee Code of Ordinances (“MCO”); and

WHEREAS, DEVELOPER acknowledges that CITY has established policies regarding the utilization of CITY residents in MCO §355-7; and

WHEREAS, DEVELOPER acknowledges that CITY has established policies regarding payment of living wages in MCO §355-13-3; and

WHEREAS, DEVELOPER acknowledges that approval and execution of the Development Agreement was conditioned upon the DEVELOPER, its affiliates and their agents, agreeing to meet the requirements of this Agreement with respect to the development of the Project.

NOW, THEREFORE, the parties agree as follows:

I. DEFINITIONS

1. SMALL BUSINESS ENTERPRISE (“SBE”) is a business that has been certified by the City of Milwaukee Office of Small Business Development (the “SBE Office”) based on the requirements of MCO § 370-25.

2. FIRST-SOURCE EMPLOYMENT PROGRAM means an employment program operated by CITY or its designee which is to be utilized as contractors' first source for recruiting applicants for both new and replacement employment.

3. JOINT VENTURE is an association of two or more persons or businesses to carry out a single business enterprise for profit for which purpose they combine their property, capital, efforts, skills and/or knowledge.

4. PROJECT means the Public Infrastructure Project of The Couture Project, as more particularly described in Section _____ of the Development Agreement, as part of the development of property located at 909 East Michigan Street, Milwaukee, Wisconsin.

5. PROJECT COSTS means all costs of the PROJECT, but less and excluding all costs associated with the purchase, lease or right to use any land; permit fees paid to CITY or any other governmental entity or quasi-governmental entity; utility company fees; financing and interest expenses; insurance premiums; work within trades for which there is no available SBE participation; other work not contracted through DEVELOPER and over which DEVELOPER does not have direction or control in the selection of contractors or material providers for the same; and other costs approved by DEVELOPER and the SBE Office, with such approval not being unreasonably withheld. DEVELOPER or its representatives and the SBE Office shall meet and confer to determine the eligible PROJECT COSTS for the PROJECT.

6. RPP means CITY's Resident Preference Program as described in MCO §355-7.

II. SMALL BUSINESS ENTERPRISE PROGRAM

DEVELOPER shall, in developing and constructing the PROJECT, utilize SBEs for no less than 25% of the total PROJECT Construction Costs including the amounts expended for the purchase of non-professional services and supplies and 18% of the amounts expended for the

purchase of professional services for the PROJECT deemed eligible pursuant to SBE guidelines, as summarized in **Exhibit A “Categories of Work.”**

A. DEVELOPER from and after the date of this Agreement and in conjunction with the implementation of the PROJECT, shall undertake the following activities:

1. Advertise in general circulation and trade association media, as well as in community newspapers regarding contracting and subcontracting opportunities. Advertising in the Daily Reporter and two other publications shall be the minimum acceptable level of performance. Complete **Exhibit B “SBE Marketing Plan – Publications/Advertising Contacts”** and submit it to the SBE Office.
2. Provide interested SBEs and the agencies listed in **Exhibit C “SBE Marketing Plan – Community Agency Contacts”** with adequate information about the PROJECT plans, specifications, and contract/subcontract requirements at least two weeks prior to the date the contract bidding process commences. DEVELOPER shall document Community Agency Contacts by completing the Contact Sheet attached as **Exhibit C1 “SBE Contact Sheet”** and submitting the completed Contact Sheet to the SBE Office prior to commencement of the bidding process.
3. Complete and submit **Exhibit D “Form A – Contractor Compliance Plan”** to the SBE Office upon execution of the prime contractor’s contract, if any, or upon commencement of construction.
4. Conduct pre-bid or selection conferences and a walk-through at least two weeks in advance of the date that bids are due.
5. Provide written notice of the PROJECT to all pertinent construction trade and professional service SBEs listed in the current City of Milwaukee Directory soliciting their services in sufficient time (at least two weeks) to allow those businesses to participate effectively in the contract bidding or selection process. To identify SBEs for the PROJECT, utilize the current *Official City of Milwaukee SBE Directory* published by CITY’s SBE Office. The directory can be accessed on-line at:

<https://milwaukee.diversitycompliance.com/FrontEnd/VendorSearchPublic.asp?TN=milwaukee&XID=2276>
6. Follow-up with SBEs who show an interest in the PROJECT during the initial solicitation process and document contact with SBE firms using **Exhibit E “SBE Solicitation Form.”**
7. Select trade and professional service areas for SBE awards wherein the greatest number of SBEs exist to perform the work, thereby increasing the likelihood of

contracts or subcontracts being awarded to SBEs. Where appropriate, split contracts or subcontracts into smaller, economically feasible units to facilitate SBE participation.

8. Negotiate in good faith with interested SBEs, not reject SBE bids or proposals as unqualified or too high without sound reasons based on a thorough review of the bid or proposal submitted and maintain documentation to support the rejection of any SBE bid or proposal. Bids that are not cost effective and/or are not consistent with the PROJECT schedule will be considered “rejectable.” Rejected bids or proposals shall be documented on **Exhibit F “SBE Rejection of Bid or Proposal Form.”**
9. Utilize the services available from public or private agencies and other organizations for identifying SBEs available to perform the work.
10. Include in the PROJECT bid, RFP or selection documents and advertisements an explanation of PROJECT requirements for SBE participation to prospective contractors and subcontractors.
11. As necessary and whenever possible, facilitate the following:
 - (a) Joint ventures, limited partnerships or other business relationships intended to increase SBE areas of expertise, bonding capacity, credit limits, etc.
 - (b) Training relationships
 - (c) Mentor/protégé agreements

B. If DEVELOPER completes the aforementioned activities and demonstrates “good cause,” as determined by the SBE Office, for not meeting the 25% requirement for SBE participation for the construction, including supplies and non-professional services, of any phase or portion of the PROJECT or the 18% requirement for SBE participation for the purchase of professional services for any phase or portion of the PROJECT, it shall be deemed that DEVELOPER has acted in “good faith” and has satisfied the requirement with respect to such phase or portion.

C. If at any point during the term of this Agreement, DEVELOPER meets or exceeds the 25% requirement for SBE participation for the construction, including supplies and non-professional services, of any phase or portion of the PROJECT or the 18% requirement for SBE

participation for the purchase of professional services for any phase or portion of the PROJECT, whether commenced before or after the date hereof, it shall be deemed that DEVELOPER has achieved or exceeded CITY's SBE requirement with respect to the Project, for the purposes of fulfilling the terms of this Agreement.

D. Contract or subcontract amounts awarded to SBE suppliers, that do not manufacture products they supply, may only be counted for up to 20% of the 25% SBE participation requirement.

III. RESIDENT PREFERENCE PROGRAM

DEVELOPER shall, in developing and constructing the PROJECT, utilize unemployed or underemployed residents, as defined in sec. 355-1.3. of the MCO, for no less than 40% of the total "worker hours" expended on "Construction," as defined in sec. 309.41 of the MCO,¹ included in PROJECT COSTS but less and excluding all non-Construction PROJECT COSTS. DEVELOPER from and after the date of this Agreement and in conjunction with the PROJECT, shall undertake the following activities:

1. Listing and causing contractors and sub-contractors to list open positions with any first source hiring agency specified by the SBE Office.
2. Disseminating information provided by the SBE Office to all contractors and sub-contractors on how to recruit unemployed and underemployed residents.
3. Listing and causing contractors and sub-contractors to list job openings with Wisconsin Job Service, W-2 agencies and other agencies as specified by the SBE Office.
4. Working in cooperation with CITY, identify and implement any other activities and steps to maximize utilization of unemployed and underemployed residents on the Project.
5. Disseminating the Employee Affidavit form, attached as **Exhibit G**, to all contractors and sub-contractors for their use in documenting RPP compliance.

Prior to the commencement of the PROJECT, DEVELOPER or its representatives and the SBE Office shall meet and confer to determine the eligible PROJECT COSTS, which are

Construction costs subject to the mandatory RPP requirement. If at any point during the term of this AGREEMENT, DEVELOPER meets or exceeds the 40% mandatory RPP requirement in conjunction with the PROJECT, it shall be deemed that DEVELOPER has achieved or exceeded CITY's RPP requirement with respect to the PROJECT.

DEVELOPER shall file the reports attached as **Exhibit H "Construction RPP Hours Calculation"** to evidence compliance with RPP requirements with the SBE Office. All RPP reports shall be accompanied by supporting Employee Affidavits, in the form attached as **Exhibit G**.

IV. SBE AND RPP REPORTING

DEVELOPER agrees to report to the SBE Office, CITY's Common Council and the Zoning, Neighborhoods and Development Committee of the CITY's Common Council on DEVELOPER's utilization of SBEs and unemployed or underemployed residents in its contracting activities for the PROJECT, pursuant to Chapters 355 and 370 of the MCO and in accordance with the requirements of this Agreement. In order to monitor the PROJECT's SBE and RPP worker participation, CITY requires, and DEVELOPER agrees to take the following steps:

- A. Provide a list of all categories of work for each phase or portion of the PROJECT, with budget allowances, for which bids will be solicited and highlight those categories, based upon DEVELOPER's knowledge and experience, which are conducive to SBE participation.
- B. Provide the SBE Office with documentation supporting efforts extended to solicit bids from SBEs. Upon request, DEVELOPER shall make information related to SBE bids available to the SBE Office.
- C. Submit an SBE Monthly Report to the SBE Office on or before the 20th of each month, or a quarterly report with the approval of the SBE Office, on the form attached as **Exhibit I "Form D – SBE Monthly Report."**

¹ The definition of "Construction" shall mean "Construction" as defined in sec. 309.41 of the MCO, but as modified to reflect the private nature of the PROJECT.

- D. Submit an SBE/RPP Report to CITY's Common Council on a quarterly basis regarding achievement of SBE and RPP standards for the duration of construction of the PROJECT. The forms attached as **Exhibit H** and **Exhibit I** shall also be used for said quarterly reports.
- E. Upon request from the SBE Office, make a quarterly presentation to the Zoning, Neighborhoods and Development Committee of the CITY's Common Council regarding achievement of SBE and RPP standards for the duration of construction of the PROJECT. Said presentation shall be coordinated through the SBE Office.
- F. Complete and submit a final **Exhibit I** and **Exhibit J "SBE Subcontractor Payment Form"** to the SBE Office upon completion of all construction of the PROJECT.

V. LABOR STANDARDS AND WAGES.

DEVELOPER shall comply with all applicable state and municipal labor standards provisions on the PROJECT including, but not limited to, living wage requirements of MCO §355-13-3. Unless precluded by Section 66.0903, Wis. Stats., any worker who performs work on the PROJECT shall, at a minimum, receive a living wage as defined in MCO §310-13-2-a. DEVELOPER shall provide and cause its contractors and subcontractors to provide the SBE Office any necessary documentation relative to compliance with applicable labor standards provisions including, but not limited to, the City's living wage requirements on forms specified by the SBE Office.

VI. CITY ADMINISTRATION.

The SBE Office shall have primary responsibility for the administration of this Agreement as well as primary monitoring and enforcement authority for the programs and activities encompassed by this Agreement. In exercising its responsibilities under the Agreement, the SBE Office shall use good faith and act in a reasonable manner. Notwithstanding the foregoing, the SBE Office shall make all information and data collected pursuant to this Agreement available to CITY's Department of City Development and Comptroller in order to allow fulfillment of their respective responsibilities with respect to the

programs and activities encompassed by this Agreement. CITY's Department of City Development, and Comptroller shall cooperate with and assist the SBE Office in the administration of this Agreement.

VII. DEVELOPER ADMINISTRATION.

DEVELOPER may retain a person or firm reasonably acceptable to the SBE Office, to act as DEVELOPER's consultant and to assist in record keeping, collection of information and the filing of all reports necessary to demonstrate compliance with the requirements of this Agreement. DEVELOPER shall also comply with the reporting requirements set forth in Section IV of this Agreement.

VIII. AUDIT RIGHTS.

DEVELOPER shall keep or cause others under its control, including its contractors and subcontractors to keep accurate, full and complete books and accounts with respect to costs of developing, constructing, and completing the PROJECT and carrying out the duties and obligations of DEVELOPER hereunder. All the books and accounts required to be kept hereunder shall be maintained in accordance with generally accepted accounting principles consistently applied, and shall be kept for a period of seven years.

IX. PUBLIC RECORDS.

Records shall be maintained in accordance with requirements prescribed by the CITY with respect to all matters covered by this Agreement. Both parties understand that the CITY is bound by Wisconsin Public Records Law, and as such, all of the terms of this Agreement are subject to and conditioned on the provisions of Wis. Stat. Section 19.21, et seq. DEVELOPER acknowledges that it is obligated to assist the CITY in retaining and producing records that are subject to Wisconsin Public Records Law, and DEVELOPER must defend and hold the City

harmless from liability under that law. Except as otherwise authorized, these records shall be maintained for a period of seven years from the date of this Agreement.

X. NOTICES.

All notices under this Agreement shall be made in writing and deemed served upon depositing the same in the United States Postal Service as “Certified Mail, Return Receipt Requested,” addressed as follows:

A. To the CITY: SBE Program Office
City of Milwaukee
200 East Wells Street
Milwaukee, WI 53202
Attn: Director

With a copy to: Department of City Development
City of Milwaukee
809 North Broadway
Milwaukee, WI 53202
Attn: Commissioner

B. To DEVELOPER: The Couture LLC
260 East Highland Avenue, Suite 401
Milwaukee, WI 53202
Attn: Rick Barrett

With a copy to: Meissner Tierney Fisher & Nichols, S.C.
111 East Kilbourn Avenue, 19th Floor
Milwaukee, WI 53202
Attn: Adam J. Tutaj, Esq.

XI. SANCTIONS.

In the event that any document submitted to CITY by DEVELOPER or a contractor or subcontractor of DEVELOPER contains false, misleading or fraudulent information or demonstrates non-compliance with the requirements of this Agreement, the SBE Office may seek prosecution under § 355-19 MCO or the imposition of any of the following sanctions:

- a. Imposition of a requirement that remedial efforts be undertaken by DEVELOPER for the remaining portion of the PROJECT where initial reports demonstrate non-compliance with the resident preference hours required for the PROJECT.

- b. Specific performance or specified remedies under this Agreement.
- c. Collection of any living wage shortfall, with interest, for distribution to employees performing work on the PROJECT.
- d. Remedies available under the Development Agreement for such non-compliance.

IN WITNESS WHEREOF, the parties have executed this Human Resources Agreement as of the ____ day of _____, 20____.

THE COUTURE LLC

CITY OF MILWAUKEE

By: _____
Its:

By: _____
Tom Barrett, Mayor

By: _____
James R. Owezarski, City Clerk

By: _____
Martin Matson, City Comptroller

Approved as to form and execution and content this ____ day of _____, 20____.

Assistant City Attorney

1050-2012-1849:210052

EXHIBIT A
CATEGORIES OF WORK

CATEGORIES OF WORK
CONSTRUCTION BUDGET FOR
THE COUTURE PROJECT

<u>WORK DESCRIPTION</u>	<u>GENERAL</u>	<u>SUPPLIER ITEMS</u>
SITE PREPARATION:		
DEMOLITION	\$0.00	
EXCAVATION	\$0.00	
SOIL HAULING & DISPOSAL	\$0.00	
STORMWATER MANAGEMENT SYSTEM	\$0.00	
OTHER SITE:	\$0.00	
 BUILDING CONSTRUCTION:		
FOOTINGS & FOUNDATION	\$0.00	
FLOOR SLAB	\$0.00	
STRUCTURAL STEEL**	**	\$0.00
GLAZING	\$0.00	
MASONARY	\$0.00	
ROOFING	\$0.00	
ROUGH CARPENTRY	\$0.00	
FINISH CARPENTRY	\$0.00	
DOORS, FRAMES & MILLWORK	\$0.00	
HVAC EQUIPMENT**	**	\$0.00
PLUMBING	\$0.00	
FIRE PROTECTION	\$0.00	
ELECTRICAL	\$0.00	
DRYWALL	\$0.00	
CEILINGS	\$0.00	
FLOORING	\$0.00	
CERAMIC TILE	\$0.00	
LIGHTING	\$0.00	
PAINTING/INTERIOR FINISH	\$0.00	
OTHER:	\$0.00	
OTHER:	\$0.00	
OTHER:	\$0.00	
 SITE IMPROVEMENTS:		
PAVING	\$0.00	
LATERALS/CATCH BASIN	\$0.00	
LANDSCAPING	\$0.00	
FENCING	\$0.00	
OTHER:	\$0.00	

TOTAL HARD COSTS	----- \$0.00	----- \$0.00
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PROFESSIONAL SERVICES

ARCHITECTUAL	\$0.00
ENGINEERING	\$0.00
LEGAL SERVICES	\$0.00
SURVEY	\$0.00
ENVIRONMENTAL	\$0.00
GENERAL CONTRACTOR	\$0.00
CONSTRUCTION MANAGER	\$0.00
OTHER:	\$0.00

TOTAL PROFESSIONAL SERVICES	----- \$0.00
------------------------------------	-----------------

COST SUMMARY & SBE CALCULATIONS

CONSTRUCTION EXCLUDING SUPPLIER
ITEMS
SUPPLIER AMOUNT **
PROFESSIONAL SERVICES

CATEGORY	RATE	SBE REQUIREMENT

		\$0.00

TOTAL SBE REQUIREMENTS	\$0.00
-------------------------------	--------

EXHIBIT B

SBE MARKETING PLAN – PUBLICATIONS/ADVERTISING CONTACTS

PUBLICATIONS/ADVERTISING CONTACTS

Milwaukee Times
(Published weekly)
1938 N Dr Martin Luther King Dr
Milwaukee, WI 53212
Tele. No: (414) 263-5088
Fax: (414) 263-4445
Contacted _____yes _____no
Contact Person _____
Date and Time _____

The Milwaukee Courier
(Published weekly)
6310 N. Port Washington Road
Milwaukee, WI 53217
Tele No: (414) 449-4860
Fax: (414) 906-5383
Contacted _____yes _____no
Contact Person _____
Date and Time _____

Milwaukee Community Journal, Inc.
(Published twice weekly)
3612 North King Drive
Milwaukee, WI 53212
Tele No: (414) 265-5300
Fax: (414) 265-1536
Contacted _____yes _____no
Contact Person _____
Date and Time _____

Daily Reporter
(Published daily M-F)
225 E. Michigan St.
Suite 540
Milwaukee, WI 53202
Tele No: (414) 276-0273
Fax: (414) 276-8057
Contacted _____yes _____no
Contact Person _____
Date and Time _____

Spanish Journal
(Published weekly)
611 West National Avenue, Suite 316
Milwaukee, Wisconsin 53204
Tele No: (414) 643-5683
Fax: (414) 643-8025
Contacted _____yes _____no
Contact Person _____
Date and Time _____

EXHIBIT C
SBE MARKETING PLAN – COMMUNITY AGENCY CONTACTS

COMMUNITY AGENCY CONTACTS

National Association of Minority Contractors

3100 West Concordia Ave
Milwaukee, WI 53216
(414) 449-0837

The Milwaukee Urban League

435 West North Avenue
Milwaukee, WI 53212
(414) 374-5850

African American Chamber-Commerce

6203 West Capitol Dr
Milwaukee, WI 53216
(414) 462-9450

Hispanic Chamber of Commerce of Wisconsin

816 West National Ave.
Milwaukee, WI 53204
(414) 643-6963

Wisconsin Minority Business Opportunity Center

1915 North Dr. Martin Luther King Jr. Drive, Suite 213-F
Milwaukee, WI 53212
(414) 372-3773

Hmong Wisconsin Chamber of Commerce

3616 West National Avenue. Suite 99
Milwaukee, WI 53215
(414)649-8331

Lao Family Community Inc.

2331 West Vieau Place Milwaukee, WI 53204
414-385-3380

Exhibit D



CITY OF MILWAUKEE
OFFICE OF SMALL BUSINESS DEVELOPMENT
FORM A - CONTRACTOR COMPLIANCE PLAN

Please list all proposed subcontractor(s) and/or material suppliers for this project.

I. GENERAL INFORMATION (REQUIRED)

Project Name _____ SBE Participation: ____% Total Dollar Amount: \$ _____

Project Description: _____

II. PRIME CONTRACTOR INFORMATION (REQUIRED)

Contractor Name: _____

Address: _____

City/State/Zip: _____

Contact Person: _____ Title: _____

Phone: _____ Fax: _____ Email: _____

Print Name: _____ Title: _____

City of Milwaukee SBE Certification: ____ Yes ____ No

III. ACKNOWLEDGEMENT (REQUIRED)

I certify that the information included in this Compliance Plan is true and complete to the best of my knowledge.

Name of Authorized Representative: _____ Title: _____

Signature: _____ Date: _____

FOR STAFF USE ONLY

Reviewed by OSBD Staff: _____ Date: _____

**CITY OF MILWAUKEE
OFFICE OF SMALL BUSINESS DEVELOPMENT
CONTRACTOR COMPLIANCE PLAN**

List all subcontractor information in its entirety. Only SBE firms certified through the City Of Milwaukee Office of Small Business Development will be counted towards specified SBE requirements. Individual subcontractor SBE percentages should equal the overall participation as listed on Page 1. Please visit the OSBD website www.milwaukee.gov/osbd for a complete list of certified firms.

IV. SUBCONTRACTOR INFORMATION

Subcontractor Name: _____

Contact Person: _____ Title: _____

Phone: _____ Fax: _____ Email: _____

Owner/Representative Signature: _____ Date: _____

Work performed / Materials supplied: _____

City of Milwaukee SBE Certification Yes No

Please identify the proposed award amount and percentage of the contract the subcontractor will fulfill (if applicable).

Proposed Award: \$ _____ Percentage of contract: _____%



Subcontractor Name: _____

Contact Person: _____ Title: _____

Phone: _____ Fax: _____ Email: _____

Owner/Representative Signature: _____ Date: _____

Work performed / Materials supplied: _____

City of Milwaukee SBE Certification Yes No

Please identify the proposed award amount and percentage of the contract the subcontractor will fulfill (if applicable).

Proposed Award: \$ _____ Percentage of contract: _____%



PLEASE DUPLICATE AS NEEDED TO PROVIDE ADDITIONAL SUBCONTRACTOR INFORMATION

Department of Administration - Business Operations Division
Office of Small Business Development
City Hall, Room 606
200 East Wells Street
Milwaukee, WI 53202
Information Line: 414-286-5553 Fax: 286-8752
www.milwaukee.gov/osbd

Exhibit E
SMALL BUSINESS ENTERPRISE (SBE)
SOLICITATION FORM

Name & Address of SBE Firm _____

Name of Individual Contacted _____ Phone Number _____

Type of Work _____ Date and Time of Contact _____

Quotation or Proposal Received _____

REMARKS: THESE SHOULD INCLUDE ANY FOLLOW UP ACTIONS. IN THE EVENT THAT THE SMALL BUSINESS ENTERPRISE WILL NOT BE UTILIZED, INCLUDE AN EXPLANATION OF THE REASON (s) WHY THE FIRM WILL NOT BE USED. FOR EXAMPLE: IF THE ONLY REASON FOR NON-UTILIZATION WAS PRICE, THE EXPLANATION SHOULD REFLECT WHAT STEPS WERE TAKEN TO REACH A COMPETITIVE PRICE LEVEL.

REMARKS:

EXHIBIT F
SMALL BUSINESS ENTERPRISE (SBE)
Rejection of Bid or Proposal Form

Name and Address of SBE firm	Type of Work	Bid or Proposal Submitted by SBE	Actual Award	Reasons for bid rejection	Approved By
1					
2					
3					
4					
5					
6					
7					
8					

EXHIBIT G

FORM RPP (Rev.2009)

Contractor Name: _____

Development Project Name _____

Employee Affidavit
Residents Preference Program

I certify that I maintain my permanent residence in the City of Milwaukee and that I vote, pay personal income tax, obtain my driver's license, etc. at

_____, Milwaukee, WI _____
(Address) (Zip Code)

Residency status:

To verify my resident status, attached please find the following (check one)

- _____ Copy of my voter's certification form.
- _____ Copy of my last year's Form 1040.
- _____ Copy of my current Wisconsin Driver's License or State ID.
- _____ Copy of Other (i.e., Utility bill, Lease, etc.)

AND

Unemployment status:

I certify that I have been unemployed as follows: (Check those that apply)

- _____ I have worked less than 1,200 hours in the preceding 12 months.
- _____ I have not worked in the preceding 30 days.

OR

Underemployed status:

_____ I certify that based on the attached chart (Income Eligibility Guidelines), I am underemployed.

Print Name

Sign Name

Social Security Number

Home Telephone Number

Subscribed and sworn to me this _____ day

Of _____, _____ A.D.
My Commission Expires _____.

Notary Public Milwaukee County

RPP Chart

Income Eligibility Guidelines July 1, 2014 to June 30, 2015

Eligibility determination is based on household size and income. Total income must be at or below the amount in the table.

House-hold Size	Yearly	Monthly	Twice per month	Every 2 weeks	Weekly
1	15,171	1,265	633	584	292
2	20,449	1,705	853	787	394
3	25,727	2,144	1,072	990	495
4	31,005	2,584	1,292	1,193	597
5	36,283	3,024	1,512	1,396	698
6	41,561	3,464	1,732	1,599	800
7	46,839	3,904	1,952	1,802	901
8	52,117	4,344	2,172	2,005	1,003
9	57,395	4,784	2,392	2,208	1,105
10	62,673	5,224	2,612	2,411	1,207
11	67,951	5,664	2,832	2,614	1,309
12	73,229	6,104	3,052	2,817	1,411
For Each Additional Household Member Add	5,278	440	220	203	102

Source: Wisconsin Department of Public Instruction
School Nutrition Programs

EXHIBIT H

The Couture Project Construction RPP Hours Calculation

RPP Goal

Total Construction Hours Worked Pursuant to § 355-7.1a. “Worker Hours” includes work performed by persons filling apprenticeship and on-the-job training programs and excludes the number of hours of work performed by all non-Wisconsin residents.	
Multiplied by 40%	
Applicable RPP Goal	
Total RPP Construction Hours	
RPP Hour Surplus/Shortfall	
RPP Percentage (Total RPP Construction Hours/Total Construction Hours Worked)	

EXHIBIT I



CITY OF MILWAUKEE
DEPARTMENT OF ADMINISTRATION
OFFICE OF SMALL BUSINESS DEVELOPMENT

FORM D

SBE MONTHLY REPORT

The monthly report should be completed in its entirety and submitted no later than the 20th of every month to DOA-Office of Small Business Development. If this represents the final report, Form E - SBE Payment Certification should be attached for each subcontractor.

SECTION I. GENERAL INFORMATION (REQUIRED)

Month: _____ Final Report: ___ Yes ___ No

Prime Contractor: _____

Address : _____ City/State/Zip: _____

City of Milwaukee SBE Certification: ___ Yes ___ No

Purchase Order / Contract # : _____ Project Name / Number: _____

Description of service performed and/or materials supplied: _____

Prime Contractor's Total \$ _____ Prime Contractor's YTD \$: _____

Start Date: _____ Completion Date: _____ SBE Participation Requirement \$ _____ / _____ %

SECTION II. SUBCONTRACTOR INFORMATION (REQUIRED)

List all SBE subcontractor firm(s) utilized in connection with the above contract, either as service performed and/or supplier for the month. Only SBE firms certified through the City Of Milwaukee Office of Small Business Development will be counted towards specified SBE requirements. Please visit the OSBD website www.milwaukee.gov/osbd for a complete list of certified firms.

Name of SBE Firm	Service Performed / Material Supplied	Amount Paid for the Month (\$)	Total (\$) Paid Y-T-D
Total Payments to SBE			

SECTION III. ACKNOWLEDGEMENT (REQUIRED)

I/we hereby certify that I/we have ready the above and approved this information to be precise and confirmed. I further understand that failure to return this form by the specified time may cause a delay in payments (if applicable).

Report Prepared by: _____ Title: _____ Date: _____

Authorized Signature: _____ Title: _____ Date: _____

Department of Administration - Business Operations Division
Office of Small Business Development
City Hall, Room 606
Milwaukee, WI 53202
Information Line: 414-286-5553 Fax: 414-286-8752
www.milwaukee.gov/osbd

DIRECTIONS FOR COMPLETING FORM D - MONTHLY REPORT

SECTION I. GENERAL INFORMATION

Please provide all contractual information as indicated in Section I.

If the purchase order/ contract or project requires Small Business Enterprise (SBE) requirements, please indicate the percentage in the designated area.

SECTION II. SUBCONTRACTOR INFORMATION

Monthly reports are due by the 20th of each month via fax at 414-286-8752 or US Postal Service.

The data should indicate payments for the previous month. If there are zero payments for a reporting period, a monthly report indicating such should still be submitted.

Only report payments to City of Milwaukee SBE firms. Non-SBE firms will not be counted towards participation requirements.

Please duplicate the form if you need to add additional payment information.

SECTION III. ACKNOWLEDGEMENT

Sign and date Form D signifying that all information is precise and confirmed. Unsigned forms will not be accepted.

EXHIBIT J



CITY OF MILWAUKEE
DEPARTMENT OF ADMINISTRATION
OFFICE OF SMALL BUSINESS DEVELOPMENT
FORM E

SBE SUBCONTRACTOR FINAL PAYMENT CERTIFICATION

This form is to be completed and signed by the Prime Contractor and SBE subcontractor firms that were utilized in connection with contract listed below, either for service performed and/or as a supplier.

Prime Contractor Name: _____

Prime Contractor's Bid or RFP#: _____ Purchase Order or Contract # _____

Project Name: _____

I hereby certify that our firm has paid the listed amount to the SBE Subcontractor as indicated below for work performed and/or material supplied on the above contract.

Authorized Signer: _____ Date: _____

Subcontractor Name: _____

Total payment received \$ _____

I hereby certify that our firm has received the listed amount from the Prime Contractor as indicated above for subcontract work performed and/or material supplied on the above contract.

Owner/Representative Signature: _____ Date: _____

Submit this form with the Prime Contractor's final **FORM D** (SBE Monthly Report) to:

Department of Administration
Office of Small Business Development
City Hall – Room 606
200 East Wells St
Milwaukee, WI 53202
(or fax to 414-286-8752)

Exhibit 5: Economic Feasibility Study

Economic Feasibility Report

PROPOSED EAST MICHIGAN TAX INCREMENTAL DISTRICT (TID No. 82)

Prepared for:

City of Milwaukee

November 2014

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S. B. FRIEDMAN & COMPANY

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1. Project Description and Study Approach

SB Friedman Development Advisors (“*SB Friedman*”) was engaged by the Redevelopment Authority of the City of Milwaukee (“*RACM*”) on behalf of the City of Milwaukee (the “*City*”) to conduct an economic feasibility study for the proposed East Michigan Tax Increment District (the “*TID*”), also known as TID No. 82. The creation of the TID is intended to support approximately \$49.55 million in expenditures associated with two streetcar lines, infrastructure, and public amenities and improvements associated with The Couture development in the TID. *SB Friedman* analyzed the potential for future incremental property tax revenues associated with two new development projects located within the proposed TID to cover the expected TID expenditures.

Context and Background

The proposed East Michigan Tax Incremental District No. 82 is generally located west of Lincoln Memorial Drive between East Michigan Street and East Clybourn Street in the City of Milwaukee, as illustrated in the map in **Appendix 1**. The TID consists of two properties totaling 4.6 acres at 909 East Michigan Street (taxkey: 392-1678-121) and 833 East Michigan Street (taxkey: 396-0491-000).

The proposed East Michigan TID is being created to improve Downtown connectivity and pedestrian access to the lakefront by providing two segments of the streetcar line, a multimodal transportation hub and other public improvements necessary to energize Downtown Milwaukee, expand transit options and promote development and redevelopment of the TID and surrounding properties. The City of Milwaukee’s Downtown Area Plan, most recently updated in 2010, identifies improvements along East Michigan Street as a key component of the Lakefront Gateway Project, which aims to connect Downtown to the lakefront through public spaces, improved infrastructure and private development. The Downtown Area Plan sets forth the following objectives, which are expected to be accomplished, in part, by the East Michigan TID:

- “Developing vertically above the transit center site with a single or a mix of uses with a public plaza;”
- “Significantly improving pedestrian access from Downtown to the Lakefront attractions;” and
- “Providing a ‘business-quality’ means of interconnecting Downtown’s working, living, and visiting population that is convenient, comfortable, and enjoyable.”

The East Michigan TID consists of two catalytic development projects that include residential, office, retail and parking, as described below:

- **833 East.** Irgens Partners, LLC (“*Irgens*”) is developing 833 East, which is currently under construction at 833 East Michigan Street on the US Bank Center campus at the southeast corner of Cass Street and Michigan Street. It is anticipated to consist of approximately 358,000 square feet of rentable building area within an 18-story Class A, LEED-certified office building. On-site facilities include approximately 450 executive and guest parking stalls, a fitness center, a large multi-media conference center, and a 6,000-square-foot restaurant with seasonal outdoor space. In addition, 833 East will have access to US Bank Center amenities, which include a cafeteria, coffee kiosk, gift shop, health clinic, hair salon, dry cleaner and vending room. 833 East is located on one taxkey: 396-0491-000.

- **The Couture.** The Couture is a proposed 44-story mixed-use development comprised of market rate apartments, retail, restaurants, public space and a multimodal transit hub including infrastructure for new streetcar service. The Couture is proposed for the southwest corner of Lincoln Memorial Drive and Michigan Street on the approximately 2.2-acre site of the existing Milwaukee County Downtown Transit Center currently owned by Milwaukee County (“County”). The developer, Barrett Visionary Development, is currently working with the County to obtain site control with insurable title. It is located at 909 East Michigan Street on one taxkey: 392-1678-121.

The development program for the \$122.0 million proposed Couture includes the following:

- Approximately 302 market-rate apartments ranging from 863 to 1,593 square feet;
- Approximately 49,835 square feet of retail and restaurant space;
- Approximately 570 spaces of structured parking to accommodate on-site commercial and residential uses as well as general area parking needs;
- A multimodal transit hub including a pedestrian street and transportation concourse that would serve as a major destination point for several modes of public transit including Milwaukee County buses, BublR bikes and the proposed Milwaukee streetcar line; and
- Publically accessible plazas and natural indoor/outdoor spaces.

In total, The Couture is expected to include approximately 81,439 square feet of publicly-accessible space. The multi-modal transportation hub will improve access to the lakefront and provide open public space for local residents, workers and tourists.

In conjunction with these two proposed development projects, the City seeks to invest approximately \$49.55 million in TID financing to fund two segments of the streetcar line, public infrastructure and public amenity improvements associated with The Couture, street repaving, workforce training and associated administrative activities related to new construction within the TID.

Study Approach

SB Friedman reviewed and considered the following key factors affecting the feasibility of the proposed TID:

- Couture pro forma and supplemental information provided by Barrett Visionary Development
- 833 East development program and marketing materials from Irgens
- Conceptual site plans and renderings for 833 East and The Couture
- Phasing and timing information for proposed construction provided in conversations with Barrett Visionary Development and the City
- Assessment techniques and assumptions likely to be used as a basis for property taxation, based on interviews with key personnel from the City’s Assessor’s Office
- Real property assessment data from the Assessor’s Office on existing properties within the proposed TID
- Real property assessment data for comparable properties elsewhere in Milwaukee to validate the potential assessed valuation of The Couture and 833 East

- Budget estimates for segments of two streetcar lines, provided by the City
- Potential bonding assumptions, as provided in conversations with the City's Comptroller, to be used in evaluating financing capacity

2. Proposed TID Expenditures

Based on conversations with the City, incremental property tax revenues generated from the East Michigan TID are expected to be used to fund a total of \$49.55 million in improvements, including \$31.0 million in streetcar line costs; \$17.5 million in non-revenue generating public improvements, infrastructure and amenities associated with The Couture; \$150,000 in street repaving costs; \$400,000 in workforce training funding; and \$500,000 in TID administrative costs. Detailed descriptions and estimated costs for the TID expenditures are presented below.

- **\$31,000,000 for Streetcar Line Segments.** Construction of two segments of the Milwaukee Streetcar initial and lakefront lines, and the associated public infrastructure improvements, within a one half-mile radius of the District boundary.
- **\$17,500,000 for Couture Public Amenities,** including:
 - **\$6,000,000 for Public Transportation Concourse.** The concourse will connect visitors to bus and rail transit, public walkways, parking, bike share and street side pickup.
 - **\$3,100,000 for Visitor Walkways.** The walkways will improve the pedestrian environment and lead visitors to area retail, Downtown businesses, public transportation, nearby attractions and public lakefront pathways.
 - **\$3,000,000 for Public Area Core, Common Space and Pedestrian & Bike Amenities.** Improvements to public area core and common space will include public handicap access points to elevators, public parking and public and private transit.
 - **\$2,200,000 for Public Pedestrian Visitor Plaza.** The visitor plaza will provide a welcoming public space for visitors.
 - **\$2,000,000 for Publically Accessible Plazas and Natural Indoor/Outdoor Spaces.** Plazas and public spaces will provide natural surfaces and an aesthetic environment for Downtown office employees, residents, and tourists.
 - **\$1,200,000 for Public Access Stairs to Walkways.** The public access stairways will improve mobility and connectivity necessary for moving people through the intermodal transit hub.
- **\$150,000 for Street Repaving.** Repaving of North Astor Street within a one-half mile radius of the District boundary, from East Kilbourn Avenue to East State Street.
- **\$400,000 for Workforce Training.**
- **\$500,000 for Administration Costs.**

3. Need for Financial Assistance

The proposed TID expenditures outlined in the previous section represent three independent, yet complementary development projects. The streetcar line segments and repaving project would be undertaken by the City, while the public amenities associated with The Couture would be developed by Barrett Visionary Development (the “Developer”) as part of the larger \$122.0 million mixed-use Couture. The Developer has requested \$17.5 million in TID assistance to fully fund the components of The Couture that represent substantial public amenities or infrastructure, but that would not generate material revenues for The Couture. Because the proposed TID expenditures for The Couture are funding solely these public components (as opposed to “gap financing” for the private, revenue-generating components) *SB Friedman’s* review was structured to evaluate whether The Couture’s projected financial returns appear to be substantially above-market and therefore whether The Couture could be reasonably expected to absorb these costs without TID assistance.

Developer Pro Forma Assumptions

SB Friedman has reviewed the initial pro forma for The Couture, as submitted to the City by the Developer on August 29, 2014, and has engaged the Developer in subsequent conversations to understand underlying assumptions regarding the development budget, soft costs, financing, lease-up, and operations. The costs and assumptions included within the pro forma are preliminary in nature due to the Developer’s current lack of site control with clear title and the pre-schematic level of design information currently available. *SB Friedman* anticipates that the pro forma assumptions will necessarily be refined as the Developer advances project design, obtains more detailed construction pricing, and secures letters of intent from prospective lenders and retail tenants.

Preliminary total development costs are presented in **Table 1** below, and the breakdown of public and private construction costs is presented in **Table 2** below. A full schedule of development costs is presented in **Table 1** in the **Appendix 2**.

Table 1: Preliminary Development Budget

Budget Item	Cost
Acquisition Costs	\$500,000
Hard Construction Costs	\$98,091,325
Soft Construction Costs	\$14,420,791
Financing Costs	\$4,295,577
Developer Fee	\$4,962,308
Total Development Cost	\$122,000,000

Source: Barrett Visionary Development

Table 2: Preliminary Total Development Cost

Development Component	Cost
Public	\$17,500,000
Private	\$104,500,000
Total Development Cost	\$122,000,000

Source: Barrett Visionary Development

Key uses within the development budget include the following:

- **Land Acquisition.** The Developer is proposing to acquire the development site for \$500,000 from the County. The County would place these funds into a litigation reserve to defend title of the land, if necessary.
- **Hard Construction Costs.** A total of \$92.6 million in base building costs are included in the Developer’s preliminary construction budget based on the Developer’s schematic designs for The Couture and preliminary pricing discussions with contractors. The scope of *SB Friedman’s* review did not include a full independent review of hard construction costs due to their preliminary nature. *SB Friedman* understands that the City will conduct a more detailed review of the construction costs associated with the public components of The Couture as estimates are refined. A breakdown of hard costs by building component, as provided by the Developer, is presented in **Table 3** below. In addition to vertical construction costs, these figures include \$4.0 million in demolition work and \$2.7 million in construction contingency.

Table 3: Hard Construction Cost Estimates

Budget Item	Building	Demolition & Site Work	Contingency	Total Contract
Residential	\$56,300,000	\$1,896,352	\$1,745,891	\$59,942,243
Residential Parking	\$8,900,000	\$2,184,640	\$332,539	\$11,417,179
Public Parking	\$3,150,000	\$269,199	\$102,576	\$3,521,775
Retail/Restaurant	\$6,000,000	\$470,641	\$194,119	\$6,664,760
Public Areas	\$11,550,000	\$1,346,114	\$386,883	\$13,282,997
Total Hard Construction Costs	\$85,900,000	\$4,000,000	\$2,697,000	\$92,597,000

Source: Barrett Visionary Development

- **Soft Costs.** A total of \$14.4 million in soft costs are included in the construction budget for The Couture. For benchmarking purposes, “soft costs” are defined here to include architectural and engineering costs; construction management, professional and leasing fees; and expenses associated with taxes and insurance during construction, but not to include financing costs or reserves. *SB Friedman* benchmarked overall soft costs as defined above as a percentage of hard costs for The Couture against recently proposed new construction residential developments that have received or been considered for TID gap financing assistance in Milwaukee. As illustrated in **Table 4** below, soft costs within the development budget are estimated at 10.5% of total hard costs, falling in line with the ranges typically observed by *SB Friedman*.

Table 4: Soft Construction Cost Benchmarks

Development	Soft Costs as a Percentage of Hard Costs [1]
Moderne	8.0%
Bookends (as proposed)	10.5%
North End Phase 2	11.1%
Average, Recent Downtown Residential Projects	9.9%
The Couture	10.5%

[1] Less reserves and financing costs

Source: Barrett Visionary Development

- **Financing Costs.** Approximately \$4.0 million in financing costs have been included in The Couture budget. *SB Friedman* has validated the Developer's calculations for construction interest based on the current development budget, financing assumptions, and construction draw schedule.
- **Tenant Improvement Allowance.** A preliminary tenant improvement (TI) allowance of \$3.7 million for retail tenants, which equals approximately \$74 per square foot, is included in the Developer's project uses. This figure can vary widely by tenant type; however, the Developer's assumed level of TI allowance is commensurate with tenants that would require a higher level of buildout contribution, such as restaurants.
- **Developer Fee.** Approximately \$4.7 million in developer fee has been included in The Couture budget. This constitutes approximately 3.85% of total development costs. *SB Friedman* has benchmarked developer fees for similar recent residential developments in Milwaukee, as presented in **Table 5** below. The amount of developer fee included in the budget is within the range observed in recent developments.

Table 5: Developer Fee Benchmarks

Development	Developer Fee as a Percentage of Total Development Cost
Moderne	3.74%
Bookends (as proposed)	4.00%
North End Phase 2	3.89%
Average, Recent Downtown Residential Projects	3.88%
The Couture	3.85%

Source: Barrett Visionary Development

DEVELOPER PROPOSED SOURCES

The Developer proposes to finance The Couture with the sources outlined below. Financing assumptions from the pro forma submitted on August 29, 2014 are estimates based on preliminary conversations between the Developer and potential lenders, and it is our understanding that term sheets or letters of intent have not yet been obtained by the Developer to date due to the preliminary stage of The Couture. In addition to the requested TID financing, the Developer's anticipated private funding sources include:

- **Senior Debt.** The Developer anticipates \$79.4 million in conventional financing assuming a 1.25x debt coverage ratio at stabilization. The Developer's pro forma assumes interest-only payments through stabilization at a 5.0% interest rate, followed by amortization over a 30-year period with a 5.5% interest rate.
- **Developer Equity.** The Developer anticipates raising \$25.1 million in equity to finance development, including up to approximately \$5 million from the developer and current partners, and \$20 million in outside investor funds.

The Developer's anticipated equity contribution to The Couture is substantial, and the scale of this contribution is such that it is unlikely that the funding can only be raised from the Developer and close associates/affiliates. Therefore, it is imperative that The Couture deliver levels of return that are

sufficient to attract substantial outside investor equity. *SB Friedman* also notes that, per the Developer's current pro forma, debt coverage (as opposed to a loan-to-value or loan-to-cost ratio) is the limiting factor on how much senior debt can be raised. A full breakdown of sources, as submitted by the Developer, is presented in **Table 2** in **Appendix 2**.

DEVELOPER CASH FLOW ASSUMPTIONS

SB Friedman has reviewed the Developer's preliminary pro forma and compared key cash flow assumptions with those outlined by two available market studies: a draft residential market study prepared by Appraisal Research Counselors ("Market Study"), dated July 2014, and a draft parking study prepared by Desman Associates ("Parking Study"), dated August 2014. Key assumptions from the pro forma are described below.

- **Rental Residential Income.** Cash flow from the residential component constitutes 82% of effective gross income (EGI) at stabilization. Projected rents range from \$1,620 for a studio unit to \$6,869 for a penthouse unit, or \$1.83 to \$3.50 per square foot. Penthouse rents per square foot are significantly higher in the Developer's pro forma than in the Market Study, while smaller units on lower floors have lower rents per square foot than projected. However, variations are approximately offsetting, yielding an overall average of \$2.34 per square foot in average rental rate in the pro forma as compared to \$2.39 per square foot projected in the Market Study.
- **Retail Income.** The retail component comprises a substantially smaller share of projected EGI (13%). Gross retail rents are assumed to average \$32/sf in the Developer pro forma. Due to the preliminary nature of The Couture, no leasing plan or market study for the retail component is yet available. However, *SB Friedman* reviewed prevailing area rents using CoStar. This initial analysis suggested that the Developer's assumed rents are generally at the top of or higher than prevailing market range currently found in Downtown Milwaukee and in mixed-use projects in areas such as the Third Ward and Eastside. However, the signature location of The Couture and substantial allowance for tenant buildout are likely to be supportive of rents at or above the top of existing ranges.
- **Parking.** Parking rates account for 6% of EGI at stabilization, with the Developer projecting \$375 in monthly revenue from the public spaces and \$200 in monthly revenue from the residential spaces. Both of these assumptions are significantly higher than those projected in the Parking Study, which concludes \$135 for the public spaces and \$175 for the residential spaces. Conversations with the Developer indicate that spaces will likely be leased to neighboring office developments during the day and then open for retail and public uses during the evenings and weekends, creating higher utilization rates that may account for the higher gross revenue per space.
- **Residential Absorption.** The pro forma assumes 12 residential units are absorbed per month, close to the midpoint of the 10-15 unit per month conclusion reached in the Market Study. This absorption pace is in line with absorption at the Moderne and 1610 on Water residential developments. However, as noted in the Market Study, the recent North End Phase 2 development achieved substantially higher absorption, leasing 26 residential units per month. While absorption is assumed to be similar to rates achieved in the Moderne development, the Developer's leasing assumptions may be somewhat conservative due to The Couture's marquee

location, its smaller average unit sizes, and the fact that the Developer assumes no pre-leasing will occur prior to building opening.

- **Income and Expense Escalation.** Income and expenses in the Developer's pro forma do not escalate until stabilization in Year 7. Upon stabilization, residential rental rates escalate at 2.7% annually, retail and parking rental income escalates at 3.0% annually, and expenses inflate 2.5% annually.

As set forth in the points above, *SB Friedman* notes a mixture of Developer assumptions in the pro forma that may be somewhat conservative (e.g., pre-leasing, starting point for rent escalation, residential rents) and others that may be somewhat aggressive (e.g., parking revenue per space, rate of rent growth vs. expense growth). A certain level of conservatism is appropriate and typical at the early stages of project design. Overall, *SB Friedman* did not make adjustments to the Developer's income or expense assumptions based on these observations. The Developer's absorption schedule and operating pro forma are presented in **Tables 3 and 4 in Appendix 2.**

Review of Need for Financial Assistance

SB Friedman has conducted a preliminary analysis of the Developer's pro forma to determine whether TID assistance from the City, which would fund the public components of The Couture, appears to be needed to make the project financially feasible. The Couture's need for financial assistance has been analyzed under two scenarios: without TID assistance and with the requested \$17.5 million in TID assistance from the City.

For both scenarios, *SB Friedman* made the following four adjustments to the Developer's pro forma to analyze returns:

- The Developer's 8/29/14 pro forma appears to double count expenses attributed to parking operations in Years 3 through 6. *SB Friedman* adjusted the parking Net Operating Income (NOI) to properly reflect projected expenses as outlined in the pro forma assumptions.
- The Developer's pro forma includes approximately \$4.8 million in negative cash flow in Years 3 and 4, impacting the projected rates of return. This potential issue is addressed in the Developer's capital budget through the inclusion of a similarly-sized operating deficit reserve. Accordingly, *SB Friedman* believes it is a more appropriate approach to reflect the use of this reserve as an offsetting revenue source that results in no negative NOI in these initial years, and adjusted the pro forma accordingly.
- The Developer's pro forma assumes a reversion sale occurs at the end of Year 15 based on projected Year 15 NOI and using a 5.5% terminal cap rate. *SB Friedman* adjusted the pro forma to calculate a reversion sale based on projected Year 16 NOI, a more typical practice known as "forward capping," but also added a deduction from the reversion sale price to reflect a 3% cost of sale, also a more typical practice.
- For calculations of Return on Cost, *SB Friedman* deducted the amount of TID assistance from the Developer's cost, as is typical for analysis of returns on public/private gap-financed projects.

Without this adjustment, TID assistance would have no impact on returns on cost, therefore defeating the utility of this particular return metric.

Using these parameters, *SB Friedman* estimates that the Developer's preliminary pro forma generates a stabilized yield on cost (1st year stabilized Net Operating Income divided by total project cost) of 5.6% and an unleveraged Internal Rate of Return (IRR) of 6.2% without TID assistance to fund the public components of the project, as presented in **Table 6** below. To benchmark these returns, *SB Friedman* reviewed the Couture's unleveraged IRR against the PricewaterhouseCoopers (PwC) Real Estate Investor Survey, which provides a return metric most comparable to the unleveraged IRR.

As shown in the table, the returns without TID assistance appear to fall significantly short of the 7.9% market return benchmark, indicating that The Couture would be unlikely to proceed if it were forced to absorb the costs of the proposed public improvements without offsetting funding via TID assistance. Without TID assistance, substantial pressure would be placed on The Couture's need for private equity. Senior debt appears to be capped by debt coverage constraints in the pro forma; therefore, it is unlikely that any additional debt could be obtained by the Developer to fund the public amenity and infrastructure components of The Couture that would not generate material revenues for The Couture. Additional equity would likely need to be raised dollar-for-dollar to fund these costs, exacerbating the impacts on financial feasibility.

Table 6: Projected Developer Returns

Returns Metric	Industry Benchmark [1]	Without TID Assistance	With Requested TID Assistance
Stabilized Yield on Cost	n/a	5.6%	6.5%
Annualized Internal Rate of Return (IRR) on Total Investment	7.9%	6.2%	7.9%

Sources: *SB Friedman*, Barrett Visionary Development, PricewaterhouseCoopers
[1] PricewaterhouseCoopers (PwC) Real Estate Investor Survey, Quarter 3, 2014

As shown in **Table 6**, *SB Friedman's* analysis suggests the Developer could achieve market levels of return on cost with the requested \$17.5 million in TID assistance to fund the public components of The Couture. Therefore, it appears likely that TID financial assistance from the City would be required to make The Couture financially feasible and have a reasonable opportunity to attract the necessary level of private financing. This conclusion is based on the somewhat preliminary information available on The Couture at this time. However, absent a material change in project scope or material divergence in construction hard costs from the estimates provided by the Developer, *SB Friedman* does not believe it is likely that the fundamental need for gap financing assistance will be eliminated as The Couture moves closer to fruition.

Table 5 in **Appendix 2** shows the cash flow projections for the two scenarios (i.e., without assistance and with assistance) discussed above.

Framework for Disbursement of TID Funds

As discussed previously, the \$17.5 million in TID assistance for The Couture would be used for non-revenue generating public components of The Couture. Because the Developer's preliminary construction budget is based on schematic designs for The Couture and preliminary pricing discussions with contractors, the actual costs associated with the public component of The Couture are likely to

change as The Couture reaches full design. To help ensure that the TID assistance is directly linked to its intended purposes, *SB Friedman* understands that:

- The City intends to separately engage an independent consultant later in the design process to certify the Developer's construction costs, including the public components to be funded with TID proceeds. Therefore, if the refined cost estimate for these improvements is found to be less than the \$17.5 million currently budgeted, the level of TID assistance would be reduced accordingly.
- Disbursement of TID funds during construction of The Couture is expected to be directly linked to construction costs for the specifically identified public project components, with construction disbursement, escrow, and progress inspection elements included.

4. Incremental Property Tax Revenues

SB Friedman projected incremental property tax revenues to evaluate the period in which the TID might reasonably be expected to generate sufficient cash flow to fully amortize the debt associated with proposed TID expenditures of \$49.55 million. The scope of this incremental revenue projection includes projected new TID revenues resulting from the proposed 833 East and The Couture. The development phasing, assessment, and bonding assumptions used to develop these projections and the results of the analysis are presented in this section.

TID Projection Assumptions and Methodology

Appendix 3 summarizes the key assumptions used to project TID revenues. These assumptions, as well as *SB Friedman's* methodology, are described below.

BASE VALUE OF TID

Under Wisconsin Department of Revenue guidelines, the base value of the TID will be equal to the assessed value (AV) of the parcels as of January 1, 2015, assuming the TID is created before September 30, 2015. The Couture site, which is currently owned by the County, is property tax-exempt for the 2014 tax year. If the Developer's purchase of The Couture site closes before January 1, 2015, the 2015 AV of the parcels would likely be adjusted to equal the purchase price, per typical practice by the Assessor's Office. Based on information provided by the City, sale of The Couture site is expected to close after January 1, 2015; therefore, the base value of The Couture site is expected to be \$0. If the sale closes prior to January 1, the higher resulting base value would impact the amount of TID revenue generated by The Couture. According to the City's Assessor's Office, the current 2014 assessed value of the parcels associated with 833 East is \$5.4 million. While demolition of the existing building has occurred and site preparation is underway, no vertical construction is expected to occur before January 1, 2015. Therefore, the total assumed base value for the TID is \$5.4 million.

SOURCES OF TID REVENUE

The proposed TID includes a total of 2 taxkeys, one of which is currently under redevelopment as the 833 East office tower and the other The Couture mixed-use residential and retail project. Incremental property tax revenues resulting from the increased value of these properties comprise the revenue stream for the TID. The development program for each project is presented in Chapter 1 of this report.

VALUATION ASSUMPTIONS

SB Friedman and its subconsultant American Design, Inc. researched comparable properties for the residential, office, retail, and parking components of 833 East and The Couture, and interviewed the City's Assessor's Office to project the expected assessed valuation (AV) of each development. The valuation assumptions are based on currently available information about each development, and include the following:

833 East

833 East includes Class A office space, parking and first-floor restaurant space.

- **Office.** Based on conversations with the Assessor's Office and the City, it appears 833 East is most comparable to two existing office buildings in Downtown Milwaukee: the Ernst and Young office building at 875 East Michigan Street and the US Bank building at 777 East Wisconsin Avenue. These buildings are located adjacent to 833 East and command the highest office rents and AVs in Downtown Milwaukee. The valuation of these existing office properties, adjusted for parking, is based on their most current assessment levels as of January 1, 2014 and conversations with the Assessor's Office regarding typical market occupancy levels at stabilization. Based on the comparable developments, the total stabilized assessed valuation of the office component of 833 East is estimated at approximately \$74.3 million (\$208 per gross square foot) in 2014 dollars.
- **Restaurant.** Based on the review of other new restaurant spaces in Downtown, *SB Friedman* estimates that the first-floor 6,000-square-foot restaurant at 833 East would be valued at approximately \$140 per rentable building square foot at stabilization. This is similar to the valuation of the Carson's restaurant located in the Moderne residential development, and would result in retail AV of approximately \$840,000 (2014 dollars).
- **Parking.** *SB Friedman* estimates that the structured parking spaces associated with 833 East are likely to have similar AV to the parking components of office and residential buildings located Downtown, including the Moderne, Yankee Hill Apartments, Park Lafayette Towers and US Bank. These parking spaces have an average 2014 AV of \$8,400 per space. *SB Friedman* has therefore estimated that parking associated with 833 will be valued at \$8,400 per space, resulting in a stabilized valuation of approximately \$3.8 million (2014 dollars) for the parking component of 833 East.

Based on these assumptions, the total stabilized assessed valuation of 833 East is estimated to be approximately \$79.0 million (2014 dollars).

The Couture

The Couture includes apartments, first-floor retail and parking space.

- **Apartments.** Project information provided by Barrett Visionary Development indicates that The Couture apartments are likely to carry a similar assessed valuation to the rental components of the newest, most comparable residential buildings located Downtown including the Moderne and Park Lafayette, which have a 2014 AV of \$140 per square foot. *SB Friedman* adjusted this value upward based on the rent premium expected to be commanded by The Couture, resulting in a stabilized assessed value of \$160 per square foot for The Couture. The total stabilized assessed valuation of the residential component of The Couture is estimated at approximately \$44.3 million (2014 dollars).
- **Retail.** Conversations with the Assessor's Office indicate that first-floor retail space is typically valued based on triple-net rents of \$15-25 per square foot in Downtown Milwaukee. Per the assessor, this equates to \$50 to \$150 in assessed value per square foot, as confirmed in a review

of first-floor retail space in other mixed-use properties, including 455 E. Ogden, 1000 N. Water and 1040 N. Water. The Developer's pro forma indicates the retail component of The Couture is expected to achieve triple net rents of \$25 per square foot. Based on information from the Assessor's Office, this rent level equates to an assessed value of approximately \$150 per square foot or a total assessed value of \$7.5 million at stabilization (2014 dollars).

- **Parking.** SB Friedman has used the same parking valuation assumptions for The Couture as for 833 East. The \$8,400 in AV per space results in stabilized parking value of \$4.8 million (2014 dollars) for The Couture.

Based on these assumptions, the projected stabilized value of The Couture property is estimated to be approximately \$56.6 million (2014 dollars).

PHASING AND TIMING OF ASSESSMENTS

- **833 East.** Construction at 833 East began in June 2014 and is anticipated to be completed by February 2016. According to information provided by the City, as of January 1, 2015 underground work is expected to have been completed, but no vertical construction will have been started. Construction is anticipated to be 90% complete by January 1, 2016. Based on tenant information provided by Irgens as of October 2014, approximately 168,000 square feet of the building is pre-leased. The retail space is expected to reach stabilized occupancy in 2017, with the office space reaching stabilized occupancy in 2019. Based on expected construction progress as of January 1, 2016, current preleasing and conversations with the Assessor's Office, *SB Friedman* estimates that approximately 75% of the total stabilized assessed value will be recognized in 2016. Additional value is then assessed each year proportionally with expected leasing through stabilization in 2019.
- **The Couture.** Based on information provided by Barrett Visionary Development, the Developer aims to break ground for The Couture in January 2016 and complete construction by October 2018. The Developer expects the residential rental portion of The Couture will reach full stabilization by 2022 and the retail space will reach stabilized occupancy levels in 2023. Following this occupancy schedule, we assume that value will first be recognized in 2017 based on construction progress throughout 2016, with the partially assessed construction value equal to roughly 32% of final stabilized total, with an additional 33% of value during construction assessed in 2017 based on the expected construction schedule. Additional value is then assumed to be assessed proportionately with lease-up of units and space until stabilization is reached in 2022.

OTHER TID ASSUMPTIONS

- **Tax Rate.** Our analysis considered historical trends in the overall City of Milwaukee property tax rate over the past 5, 10, 15, and 20-year periods. The tax rate has trended downward over the 20-year analysis period at compound annual rate of about -1.13% (20-year history). The tax rate has trended up over the past five years due to the decline and stagnation of property values in the aftermath of the Great Recession. For our analysis, *SB Friedman* assumed that the tax rate applicable to 2014 assessed values will equal the 2013 tax rate of 3.062% (\$30.62 per \$1,000 of value) and will subsequently remain constant.

- **Equalization.** A Wisconsin Department of Revenue equalization factor of 100% is assumed for the full life of the TID for the purposes of calculating incremental revenues. This methodology was selected due to the unpredictability of the equalization factor for the purposes of making any future projections.
- **Property Value Growth.** *SB Friedman's* projections assume 1.0% annual growth in assessments for all properties within the TID boundary. This assumption applies to future inflationary increases in value after new redevelopment projects reach fully stabilized assessment levels.
- **Personal Property.** The potential assessed value of personal property within the TID has not been projected in this analysis.

Projected TID Revenues

Incremental revenues were projected over the 27-year statutory life of the proposed TID, as presented in **Appendix 4**. The projection scenario accounts for incremental revenues generated by 833 East and The Couture. Based on the absorption, timing, phasing and other TID assumptions described above, a total of about \$120 million in undiscounted TID revenues are projected over the life of the TID in this scenario.

Projected Amortization of TID Debt

SB Friedman evaluated the time frame over which bonds issued to fund the proposed \$49.55 million in TID public improvements and other project-related costs described in Section 2 of this report could be amortized using projected incremental real property tax revenues.

Based on information provided by the City, *SB Friedman* assumed that the \$49.55 million in TID expenditures would be funded with three General Obligation (GO) bond issuances. The City anticipates issuing \$16.55 million in GO bonds in 2017, \$25.0 million in GO bonds in 2018, and \$8.0 million in GO bonds in 2019. *SB Friedman* analyzed the projected TID revenues and the projected timeframe required to amortize the \$49.55 million in TID costs plus associated capitalized interest and bond issuance costs.

METHODOLOGY

Key assumptions used in projecting the amortization of TID expenditures include the following:

- **Bond Interest Rates.** *SB Friedman* assumed an interest rate of 4.75% on the bonds. This rate is reflective of the City's approximate cost of funds recently used for TID feasibility analysis.
- **Term, Target Debt Service and Carry Costs.** The projections assume two years of capitalized interest, followed by 15 years of level principal and interest payments, based on the typical methodology used by the City to analyze the potential amortization of TID expenditures. For the 15 level payment years following the interest-only period, a "TID Annual Debt Service Target" is defined. This amount is equal to the annual level-payment debt service on a 15-year amortization of the total bond issue. In each of the 15 amortization years, this Annual Debt Service Target is compared to the available Repayment Sources. Any shortfalls relative to this

target are accrued and carry a 4.0% annual interest charge until they are repaid. Any surpluses versus the target are used to pay down the accumulated shortfalls.

- **Issuance Costs.** *SB Friedman* assumed an issuance cost of 1.0% of the total bond principal amount.

PROJECTED AMORTIZATION

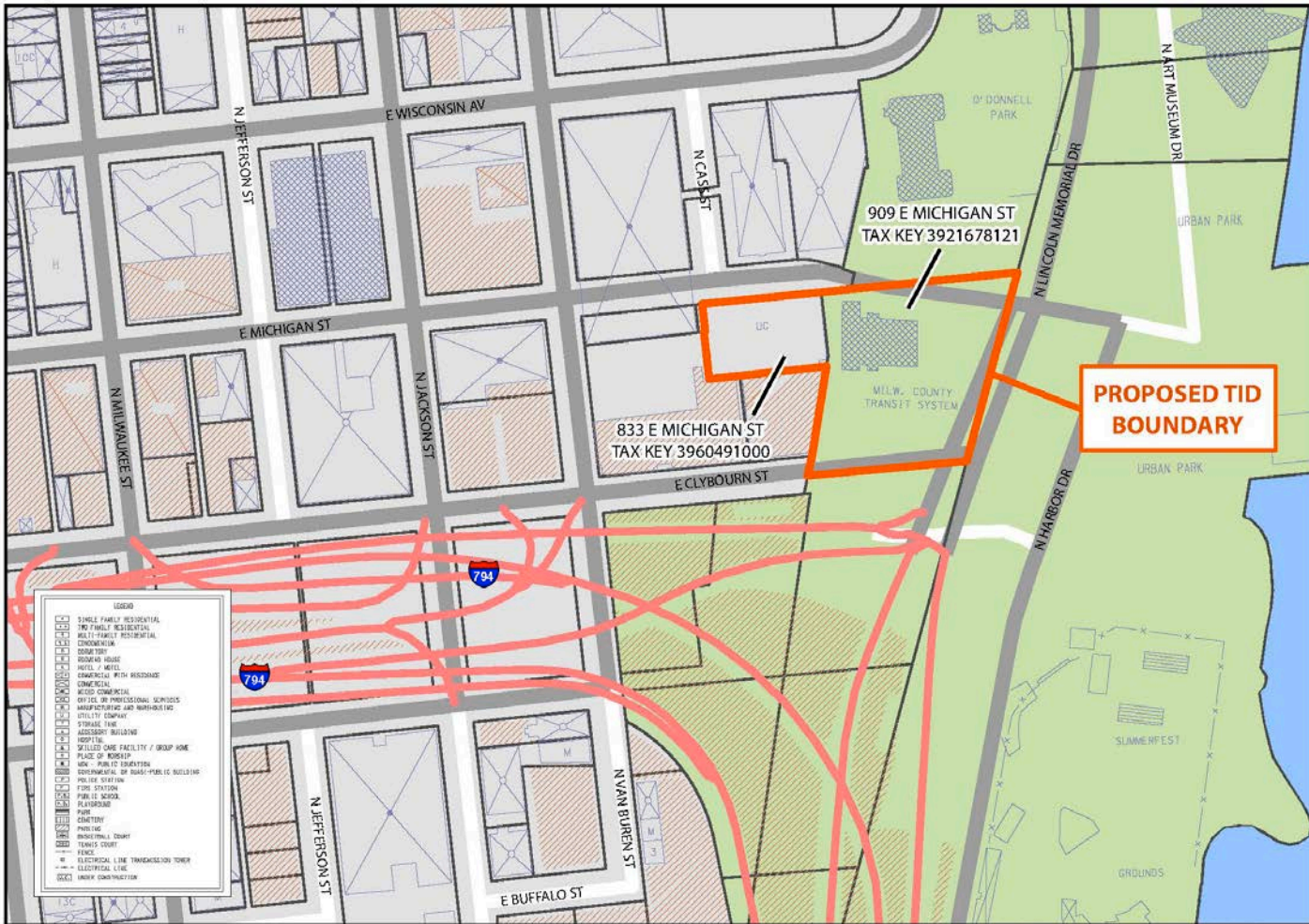
Based on the TID projections for 833 East and The Couture and the amortization assumptions outlined above, *SB Friedman* projects full amortization of the \$49.55 million in TID expenditures plus capitalized interest and bond issuance costs by Year 19 of the TID or tax year 2034. This calculation is illustrated in **Appendix 5**.

In consideration of the two distinct types of TID expenditures contemplated – streetcar line and other non-project specific costs and public improvement costs associated with The Couture – and recognizing that construction of The Couture may not proceed immediately, the East Michigan TID Project Plan allows the City to proceed with financing streetcar line, repaving, workforce training and administrative costs with increment generated by 833 East alone. Under a scenario in which construction of The Couture does not proceed as currently contemplated, the City anticipates issuing \$6.55 million in GO bonds in 2017, \$17.5 million in GO bonds in 2018, and \$8.0 million in GO bonds in 2019 to fund streetcar line, repaving, workforce training and administrative costs. Based on TID projections for 833 East alone and the amortization assumptions outlined above, *SB Friedman* projects full amortization of the \$32.05 million in streetcar, street repaving, workforce training and administrative TID expenditures and bond issuance costs by Year 21 of the TID or tax year 2036. This calculation is illustrated in **Appendix 6**.

Appendix 1: East Michigan TID Boundary

East Michigan TID
Map 1: Boundary and Existing Land Use

Prepared by the Department of City Development, 10 October 2014
 Source: City of Milwaukee Information and Technology Management Division



Path: F:\GIS_Data\Projects\2014 Projects\14-TID-08 Proposed TID (Continued)\Proposed TID Map 1 - Boundary & Existing LU.mxd

Appendix 2: Financial Analysis

Table 1: Full Schedule of Development Costs

USES		
LINE-ITEM	TOTAL COST	% OF TOTAL
Acquisition		
Land Acquisition	\$500,000	0.41%
Hard Costs		
Construction Hard Costs	\$92,597,000	75.90%
LED Message Board	\$1,500,000	1.23%
Retail/Restaurant Tenant Improvement	\$3,737,625	3.06%
Furniture Fixtures & Equipment	\$256,700	0.21%
Soft Costs		
Survey	\$20,000	0.02%
Architect & Engineer Design	\$1,500,000	1.23%
Architect & Engineer Supervision	\$500,000	0.41%
Geotechnical Engineer	\$50,000	0.04%
Environmental & Soils	\$35,000	0.03%
Developer Legal	\$450,000	0.37%
Accounting	\$140,000	0.11%
Misc. 3rd Party Reports	\$25,000	0.02%
Site Supervision & Construction Management	\$925,970	0.76%
Communications & PR	\$200,000	0.16%
Leasing Marketing & Advertising	\$800,000	0.66%
Leasing Overhead	\$150,000	0.12%
Apartment Staging & Models	\$100,000	0.08%
Real Estate Taxes During Construction	\$3,000,000	2.46%
Insurance	\$200,000	0.16%
Operating Deficit	\$4,700,000	3.85%
General Contingency	\$1,624,821	1.33%
Financing Costs		
Interest During Construction	\$2,645,225	2.17%
Application Fee	\$25,000	0.02%
Lender Loan Fee	\$396,784	0.33%
Loan Brokerage Fee	\$793,568	0.65%
Title & Recording	\$50,000	0.04%
Lender Legal	\$50,000	0.04%
Inspection Fee	\$75,000	0.06%
City TIF Costs		
City Legal Costs	\$50,000	0.04%
Annual Audit Requirement	\$75,000	0.06%
3rd Party Feasibility	\$60,000	0.05%
Compliance	\$75,000	0.06%
SUBTOTAL:	\$117,307,692	96.15%
<i>Developer Fee</i>	<i>\$4,692,308</i>	<i>3.85%</i>
TOTAL USES:	\$122,000,000	100.00%

Source: Barrett Visionary Development (8-29-14)

Table 2: Full Breakdown of Development Sources

SOURCES		
LINE-ITEM	TOTAL COST	% OF TOTAL
Construction Loan	\$79,356,758	65.05%
City Public Infrastructure TIF	\$17,500,000	14.34%
Developer Cash	\$25,143,242	20.61%
TOTAL SOURCES:	\$122,000,000	100.00%

Source: Barrett Visionary Development (8-29-14)

Table 3: Developer’s Projected Absorption Schedule

Lease-up Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Month from Closing	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
Development Year	3	3	3	3	4	4	4	4	4	4	4	4	4	4	4	4	5	5	5	5

Apartments:

Avg Absorption	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Units Leased	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
Total Units	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302
Occupancy	3.97%	7.95%	11.92%	15.89%	19.87%	23.84%	27.81%	31.79%	35.76%	39.74%	43.71%	47.68%	51.66%	55.63%	59.60%	63.58%	67.55%	71.52%	75.50%	79.47%

Retail/Restaurant:

SF Leased	6,578	6,578	6,578	6,578	10,964	10,964	10,964	10,964	10,964	10,964	10,964	10,964	10,964	10,964	10,964	10,964	10,964	10,964	10,964	10,964
Total SF	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835
Occupancy	13.20%	13.20%	13.20%	13.20%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%

Public Parking:

Avg Spaces Occupied	50	50	50	50	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Total Spaces	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147
Occupancy	33.97%	33.97%	33.97%	33.97%	67.93%	67.93%	67.93%	67.93%	67.93%	67.93%	67.93%	67.93%	67.93%	67.93%	67.93%	67.93%	67.93%	67.93%	67.93%	67.93%

Lease-up Period	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
Month from Closing	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72
Development Year	5	5	5	5	5	5	5	5	6	6	6	6	6	6	6	6	6	6	6	6

Apartments:

Avg Absorption	12	12	12	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units Leased	252	264	276	283	283	283	283	283	283	283	283	283	283	283	283	283	283	283	283	283
Total Units	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302	302
Occupancy	83.44%	87.42%	91.39%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%

Retail/Restaurant:

SF Leased	32,891	32,891	32,891	32,891	32,891	32,891	32,891	32,891	43,855	43,855	43,855	43,855	43,855	43,855	43,855	43,855	43,855	43,855	43,855	43,855
Total SF	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835
Occupancy	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%

Public Parking:

Avg Spaces Occupied	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140	140
Total Spaces	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147
Occupancy	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%	95.11%

Source: Barrett Visionary Development (8-29-14)

Table 4: Developer’s Projected Operating Pro Forma

YEAR	1-2	3	4	5	6	7	8	9	10	11	12	13	14	15
PROJECT PHASES	Construction	Construction, Occ. Month 8	Lease-Up	Lease-Up	Stabilization	Performing	Performing	Performing	Performing	Performing	Performing	Performing	Performing	Performing
RESIDENTIAL INCOME:														
Avg Unit PMI (Gross Rent)		\$2,639	\$2,639	\$2,639	\$2,639	\$2,639	\$2,711	\$2,784	\$2,859	\$2,936	\$3,016	\$3,097	\$3,181	\$3,266
Avg Unit Rent Increases		0.00%	0.00%	0.00%	0.00%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Total Units		302	302	302	302	302	302	302	302	302	302	302	302	302
Units Rented		36	192	283	283	283	283	283	283	283	283	283	283	283
% Occupancy		11.92%	63.58%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%	93.71%
RESIDENTIAL EGI:		\$316,732	\$3,990,827	\$8,169,054	\$8,963,524	\$8,963,524	\$9,205,540	\$9,454,089	\$9,709,350	\$9,971,502	\$10,240,733	\$10,517,232	\$10,801,198	\$11,092,830
RETAIL INCOME:														
Avg Gross Rent/SF		\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.96	\$33.95	\$34.97	\$36.02	\$37.10	\$38.21	\$39.36	\$40.54
Avg Rent Increases		0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Rentable SF Leased		6,578	10,964	32,891	43,855	43,855	43,855	43,855	43,855	43,855	43,855	43,855	43,855	43,855
Rentable SF		49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835	49,835
Occupancy		13.20%	22.00%	66.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%
RETAIL EGI:		\$70,168	\$350,838	\$1,052,515	\$1,403,354	\$1,403,354	\$1,445,454	\$1,488,818	\$1,533,482	\$1,579,487	\$1,626,871	\$1,675,678	\$1,725,948	\$1,777,726
PARKING INCOME:														
Avg Annual Rate Per Space		\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,635	\$4,774	\$4,917	\$5,065	\$5,217	\$5,373	\$5,534	\$5,700
Avg Rent Increases		0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Avg Spaces Filled		50	100	140	140	140	140	140	140	140	140	140	140	140
PARKING EGI:		\$75,000	\$450,000	\$630,000	\$630,000	\$630,000	\$648,900	\$668,367	\$688,418	\$709,071	\$730,343	\$752,253	\$774,821	\$798,065
Avg Project Expense Increases		0.00%	0.00%	0.00%	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Residential Expenses		\$1,021,838	\$3,065,515	\$3,606,488	\$3,606,488	\$3,606,488	\$3,696,650	\$3,789,067	\$3,883,793	\$3,980,888	\$4,080,410	\$4,182,421	\$4,286,981	\$4,394,156
Retail Expenses		\$82,228	\$336,386	\$448,515	\$448,515	\$448,515	\$459,728	\$471,221	\$483,002	\$495,077	\$507,454	\$520,140	\$533,143	\$546,472
Parking Expenses		\$28,704	\$86,112	\$86,112	\$86,112	\$97,638	\$100,079	\$102,581	\$105,145	\$107,774	\$110,468	\$113,230	\$116,061	\$118,962
EXPENSES:		\$1,133,927	\$3,497,110	\$4,154,712	\$4,154,712	\$4,152,641	\$4,256,457	\$4,362,868	\$4,471,940	\$4,583,739	\$4,698,332	\$4,815,790	\$4,936,185	\$5,059,590
NET OPERATING INCOME:	\$0	-\$672,027	\$1,294,555	\$5,696,857	\$6,842,166	\$6,844,237	\$7,043,437	\$7,248,406	\$7,459,310	\$7,676,321	\$7,899,615	\$8,129,373	\$8,365,781	\$8,609,032

Source: Barrett Visionary Development (8-29-14)

Table 5: Projected Developer Returns

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
TOTAL SOURCES OF CASH																
NOI	\$0	\$0	\$0	-\$672,027	\$1,294,555	\$5,696,857	\$6,842,166	\$6,844,237	\$7,043,437	\$7,248,406	\$7,459,310	\$7,676,321	\$7,899,615	\$8,129,373	\$8,365,781	\$8,609,032
Payout of Operating Shortfall Reserve				\$1,994,640	\$2,673,283											
Reversion Proceeds																\$156,246,815
TOTAL	\$0	\$0	\$0	\$1,322,613	\$3,967,838	\$5,696,857	\$6,842,166	\$6,844,237	\$7,043,437	\$7,248,406	\$7,459,310	\$7,676,321	\$7,899,615	\$8,129,373	\$8,365,781	\$164,855,847
TOTAL USES OF CASH																
Debt Service - 1st Mortgage	\$0	\$0	\$0	\$1,322,613	\$3,967,838	\$3,967,838	\$5,460,173	\$5,460,173	\$5,460,173	\$5,460,173	\$5,460,173	\$5,460,173	\$5,460,173	\$5,460,173	\$5,460,173	\$5,460,173
Debt Repayment - 1st Mortgage																\$65,251,152
Equity Distributions				\$0	\$0	\$1,729,019	\$1,381,993	\$1,384,064	\$1,583,264	\$1,788,233	\$1,999,137	\$2,216,148	\$2,439,442	\$2,669,200	\$2,905,608	\$94,144,522
TOTAL	\$0	\$0	\$0	\$1,322,613	\$3,967,838	\$5,696,857	\$6,842,166	\$6,844,237	\$7,043,437	\$7,248,406	\$7,459,310	\$7,676,321	\$7,899,615	\$8,129,373	\$8,365,781	\$164,855,847
Annual Debt Coverage					0.33	1.44	1.25	1.25	1.29	1.33	1.37	1.41	1.45	1.49	1.53	1.58
Unleveraged Cash Flow without TID Assistance																
NOI	\$0	\$0	\$0	-\$672,027	\$1,294,555	\$5,696,857	\$6,842,166	\$6,844,237	\$7,043,437	\$7,248,406	\$7,459,310	\$7,676,321	\$7,899,615	\$8,129,373	\$8,365,781	\$8,609,032
Reversion Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$156,246,815
Total Project Costs (net TIF)	-\$2,509,001	-\$36,254,280	-\$37,498,855	-\$45,737,864	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	-\$2,509,001	-\$36,254,280	-\$37,498,855	-\$46,409,892	\$1,294,555	\$5,696,857	\$6,842,166	\$6,844,237	\$7,043,437	\$7,248,406	\$7,459,310	\$7,676,321	\$7,899,615	\$8,129,373	\$8,365,781	\$164,855,847
Annual Yield on Cost					1.1%	4.6%	5.6%	5.6%	5.7%	5.9%	6.1%	6.3%	6.4%	6.6%	6.8%	7.0%
Unleveraged IRR	6.2%															
Unleveraged Cash Flow with TID Assistance, as Requested																
NOI	\$0	\$0	\$0	-\$672,027	\$1,294,555	\$5,696,857	\$6,842,166	\$6,844,237	\$7,043,437	\$7,248,406	\$7,459,310	\$7,676,321	\$7,899,615	\$8,129,373	\$8,365,781	\$8,609,032
Reversion Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$156,246,815
Total Project Costs (net TIF)	-\$2,509,001	-\$22,634,241	-\$33,618,894	-\$45,737,864	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	-\$2,509,001	-\$22,634,241	-\$33,618,894	-\$46,409,892	\$1,294,555	\$5,696,857	\$6,842,166	\$6,844,237	\$7,043,437	\$7,248,406	\$7,459,310	\$7,676,321	\$7,899,615	\$8,129,373	\$8,365,781	\$164,855,847
Annual Yield on Cost					1.2%	5.4%	6.5%	6.5%	6.7%	6.9%	7.1%	7.3%	7.5%	7.7%	8.0%	8.2%
Unleveraged IRR	7.9%															

Reversion Calculations	
16th Year NOI	\$ 8,859,355
Terminal Cap Rate	5.5%
Terminal Value	\$ 161,079,191
Cost of Sale	3% \$ (4,832,376)
Net Reversion Proceeds	\$ 156,246,815

Source: *SB Friedman*, Barrett Visionary Development (8-29-14)

Appendix 3: TID Assumptions

Table 1: Bonding [1]

Interest Rate on Bonds	4.75%
Cost of Funds (Local Government Investment Pool)	4.0%
Issuance Costs @	1.0%
Capitalized Interest Allowance @	10.0%
Assumed Level P&I Payments	15

[1] All bonding assumptions per discussions with Comptroller's office.

Table 2: Rates

General Inflation	1%
2013 Net Property Tax Rate [1]	3.062%
Tax Rate: Compounded Rate of Change [2]	0%
Tax Collection Rate [3]	100%

[1] City of Milwaukee Assessor.

[2] Assumes no change in tax rate and 1% growth in absolute tax revenue via 1% increase in AV.

[3] SB Friedman assumption.

Table 3: Project Costs

Streetcar Line Segments	\$	31,000,000
Public Costs associated with the Couture	\$	17,500,000
Administration	\$	500,000
Workforce Training	\$	400,000
Street Repaving	\$	150,000
Total Project Costs	\$	49,550,000

Source: City of Milwaukee, Barrett Visionary Development

Table 4: The Couture Building Valuation

2014 Assessed Value (Base EAV) [1]	\$0
Development Program [2]	
Site Size (SF)	96,130
Site Size (Acres)	2.2
Stories	44
Gross SF	698,460
Rentable Residential SF	276,855
Residential Units	302
Private Parking Spaces	423
Public Parking Spaces	147
Total Parking Spaces	570
Parking (sf)	210,245
Rentable Commercial SF	49,835

[1] City of Milwaukee Assessor

[2] Barrett Visionary Development

Table 5: The Couture Projected AV per Gross Unit at Stabilization

Parking (per space)	\$ 8,400	Downtown comparables, 2014 AV
Apartments (per SF)	\$ 160	Downtown comparables, 2014 AV adjusted for rent premium
Retail (per SF)	\$ 150	Based on conversation with assessor

Source: SB Friedman, American Design

Table 6: The Couture Projected Total AV

Program	Unit [1]	\$/Unit [2]	Total Valuation Stabilization [3]	
Parking (spaces)	570	\$ 8,400	\$ 4,788,000	
Apartments (SF)	276,855	\$ 160	\$ 44,296,800	94%
Retail (SF)	49,835	\$ 150	\$ 7,475,250	88%
Total			\$ 56,560,050	

[1] Barrett Visionary Development

[2] SB Friedman, American Design

[3] City of Milwaukee Assessor

Table 7: Couture Value Additions

	Construction			Apartments				Retail				Parking		Total		New AV Recognized	Current/Projected AV
	Cumulative Progress	Annual Addition	Cumulative Addition	Cumulative Occupancy	% Addition	\$ Addition	Cumulative	Cumulative Occupancy	% Addition	\$ Addition	Cumulative	\$ Addition	Cumulative	Annual Addition	Cumulative Addition		
2014	0%	\$ -	\$ -	0%	0	\$ -	\$ -	0%	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	0%	\$ -	\$ -	0%	0	\$ -	\$ -	0%	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	0%	\$ -	\$ -	0%	0	\$ -	\$ -	0%	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	32%	\$17,986,096	\$ 17,986,096	0%	0	\$ -	\$ -	0%	0%	\$ -	\$ -	\$ -	\$ -	\$ 17,986,096	\$ 17,986,096	\$ 17,986,096	\$ 17,986,096
2018	65%	\$19,004,177	\$ 36,990,273	0%	0	\$ -	\$ -	0%	0%	\$ -	\$ -	\$ -	\$ -	\$ 19,004,177	\$ 36,990,273	\$ 19,004,177	\$ 36,990,273
2019	0%	\$ -	\$ -	12%	4%	\$ 1,949,685	\$ 1,949,685	13%	5%	\$ 387,951	\$ 387,951	\$ 1,656,648	\$ 1,656,648	\$ 3,994,284	\$ 40,984,557	\$ 3,994,284	\$ 40,984,557
2020	0%	\$ -	\$ -	60%	22%	\$ 7,798,741	\$ 9,748,427	22%	9%	\$ 258,673	\$ 646,624	\$ -	\$ 1,656,648	\$ 8,057,414	\$ 49,041,971	\$ 8,057,414	\$ 49,041,971
2021	0%	\$ -	\$ -	94%	35%	\$ 5,578,266	\$ 15,326,693	66%	26%	\$ 1,293,189	\$ 1,939,813	\$ -	\$ 1,656,648	\$ 6,871,455	\$ 55,913,426	\$ 6,871,455	\$ 55,913,426
2022	0%	\$ -	\$ -	94%	35%	\$ -	\$ 15,326,693	88%	35%	\$ 646,624	\$ 2,586,437	\$ -	\$ 1,656,648	\$ 646,624	\$ 56,560,050	\$ 646,624	\$ 56,560,050

Table 8: 833 East Building Valuation

2014 Assessed Value (Base EAV) [1]	\$ 5,400,000
Development Program [2]	
Office (SF)	358,017
Parking Spaces	456
Restaurant (SF)	6,000

[1] City of Milwaukee Assessor

[2] Irgens

Table 9: 833 East Projected AV per Gross Unit at Stabilization

Office (per SF)	\$ 208	Ernst & Young Building (adjusted for parking) and US Bank, 2014 AV
Parking (per space)	\$ 8,400	Downtown comparables, Actual 2014 EAV
Restaurant (per SF)	\$ 140	Moderne Carson's, 2014 AV

Source: SB Friedman

Table 10: The 833 East Projected Total AV

Program	Unit	\$/Unit	Total Valuation	Stabilization
Parking (spaces)	456	\$8,400	\$3,830,400	
Office (SF)	358,017	\$208	\$74,327,680	95%
Restaurant (SF)	6,000	\$140	\$840,000	100%
Total			\$78,998,080	

Table 11: 833 East Value Additions

	Construction			Office				Retail				Parking		Total		New AV Recognized	Current/Projected AV	
	Cumulative Progress	Annual Addition	Cumulative Addition	Cumulative Occupancy	% Addition	\$ Addition	Cumulative Addition	Cumulative Occupancy	% Addition	\$ Addition	Cumulative Addition	\$ Addition	Cumulative Addition	Annual Addition	Cumulative Addition			
2014	0%	\$ -	\$ -	0%	0%	\$ -	\$ -	0%	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,400,000
2015	0%	\$ -	\$ -	0%	0%	\$ -	\$ -	0%	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,400,000
2016	75%	\$ 59,248,560	\$ 59,248,560	0%	0%	\$ -	\$ -	0%	0%	\$ -	\$ -	\$ -	\$ -	\$ 59,248,560	\$ 59,248,560	\$ 53,848,560	\$ 59,248,560	
2017	0%	\$ -	\$ -	65%	17%	\$ 12,713,945	\$ 12,713,945	100%	25%	\$ 210,000	\$ 210,000	\$ 957,600	\$ 957,600	\$ 13,881,545	\$ 73,130,105	\$ 13,881,545	\$ 73,130,105	
2018	0%	\$ -	\$ -	92%	24%	\$ 5,281,177	\$ 17,995,122	100%	25%	\$ -	\$ 210,000	\$ -	\$ 957,600	\$ 5,281,177	\$ 78,411,282	\$ 5,281,177	\$ 78,411,282	
2019	0%	\$ -	\$ -	95%	25%	\$ 586,797	\$ 18,581,920	100%	25%	\$ -	\$ 210,000	\$ -	\$ 957,600	\$ 586,797	\$ 78,998,080	\$ 586,797	\$ 78,998,080	
2020	0%	\$ -	\$ -	95%	25%	\$ -	\$ 18,581,920	100%	25%	\$ -	\$ 210,000	\$ -	\$ 957,600	\$ -	\$ 78,998,080	\$ -	\$ 78,998,080	
2021	0%	\$ -	\$ -	95%	25%	\$ -	\$ 18,581,920	100%	25%	\$ -	\$ 210,000	\$ -	\$ 957,600	\$ -	\$ 78,998,080	\$ -	\$ 78,998,080	
2022	0%	\$ -	\$ -	95%	25%	\$ -	\$ 18,581,920	100%	25%	\$ -	\$ 210,000	\$ -	\$ 957,600	\$ -	\$ 78,998,080	\$ -	\$ 78,998,080	

Appendix 4: TID Projections

Table 1: TID Projections

TID Year	Assmt Year	Inflation Factor	TID Projected Valuation				Incremental Value	Property Tax Rate	Gross TID Revenue	
			Frozen Base Value	New AV						Total TID Value
				Total	Couture	833 E.				
	2014	1.00	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 5,400,000	\$ -	3.062%	
Base	2015	1.01	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 5,400,000	\$ -	3.062%	\$ -
1	2016	1.02	\$ 5,400,000	\$ -	\$ 54,930,916	\$ 54,930,916	\$ 60,384,916	\$ 54,984,916	3.062%	\$ -
2	2017	1.03	\$ 5,400,000	\$ 18,531,093	\$ 14,302,170	\$ 32,833,262	\$ 93,822,027	\$ 88,422,027	3.062%	\$ 1,683,638
3	2018	1.04	\$ 5,400,000	\$ 19,775,823	\$ 5,495,614	\$ 25,271,437	\$ 120,031,684	\$ 114,631,684	3.062%	\$ 2,707,482
4	2019	1.05	\$ 5,400,000	\$ 4,198,033	\$ 616,730	\$ 4,814,763	\$ 126,046,764	\$ 120,646,764	3.062%	\$ 3,510,022
5	2020	1.06	\$ 5,400,000	\$ 8,553,108	\$ -	\$ 8,553,108	\$ 135,860,339	\$ 130,460,339	3.062%	\$ 3,694,204
6	2021	1.07	\$ 5,400,000	\$ 7,367,130	\$ -	\$ 7,367,130	\$ 144,586,073	\$ 139,186,073	3.062%	\$ 3,994,696
7	2022	1.08	\$ 5,400,000	\$ 700,201	\$ -	\$ 700,201	\$ 146,732,134	\$ 141,332,134	3.062%	\$ 4,261,878
8	2023	1.09	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 148,199,456	\$ 142,799,456	3.062%	\$ 4,327,590
9	2024	1.10	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 149,681,450	\$ 144,281,450	3.062%	\$ 4,372,519
10	2025	1.12	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 151,178,265	\$ 145,778,265	3.062%	\$ 4,417,898
11	2026	1.13	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 152,690,047	\$ 147,290,047	3.062%	\$ 4,463,730
12	2027	1.14	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 154,216,948	\$ 148,816,948	3.062%	\$ 4,510,021
13	2028	1.15	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 155,759,117	\$ 150,359,117	3.062%	\$ 4,556,775
14	2029	1.16	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 157,316,708	\$ 151,916,708	3.062%	\$ 4,603,996
15	2030	1.17	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 158,889,876	\$ 153,489,876	3.062%	\$ 4,651,690
16	2031	1.18	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 160,478,774	\$ 155,078,774	3.062%	\$ 4,699,860
17	2032	1.20	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 162,083,562	\$ 156,683,562	3.062%	\$ 4,748,512
18	2033	1.21	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 163,704,398	\$ 158,304,398	3.062%	\$ 4,797,651
19	2034	1.22	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 165,341,442	\$ 159,941,442	3.062%	\$ 4,847,281
20	2035	1.23	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 166,994,856	\$ 161,594,856	3.062%	\$ 4,897,407
21	2036	1.24	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 168,664,805	\$ 163,264,805	3.062%	\$ 4,948,034
22	2037	1.26	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 170,351,453	\$ 164,951,453	3.062%	\$ 4,999,168
23	2038	1.27	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 172,054,967	\$ 166,654,967	3.062%	\$ 5,050,813
24	2039	1.28	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 173,775,517	\$ 168,375,517	3.062%	\$ 5,102,975
25	2040	1.30	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 175,513,272	\$ 170,113,272	3.062%	\$ 5,155,658
26	2041	1.31	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 177,268,405	\$ 171,868,405	3.062%	\$ 5,208,868
27	2042	1.32	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 179,041,089	\$ 173,641,089	3.062%	\$ 5,262,611
--	2043	--								\$ 5,316,890
Total Proceeds, 2015-2043 (Not Discounted)										\$120,791,869

Appendix 5: Amortization

Table 1: Funding Structure

Assumed Bonding	Assumed Year	Amount	Plus Issuance Costs	Capitalized Interest	Total Issuance	Years of TID Before Payment Begins
Infrastructure/Public Costs (1)	2017	\$ 16,550,000	\$ 165,500	\$ 1,857,278	\$18,572,778	4
Infrastructure/Public Costs (2)	2018	\$ 25,000,000	\$ 250,000	\$ 2,805,556	\$28,055,556	5
Infrastructure/Public Costs (3)	2019	\$ 8,000,000	\$ 80,000	\$ 897,778	\$ 8,977,778	6

[1] Amount and issuance costs based on information from RACM. Total Issuance and Capitalized Interest estimated based on typical RACM GO bond assumptions.

Table 2: Amortization

TID Year	Calendar Year	Projected Incremental Property Taxes	Debt Service - 2017			Debt Service - 2018			Debt Service - 2019			TID Payoff Analysis			
			Infrastructure/Public Costs (1)			Infrastructure/Public Costs (2)			Infrastructure/Public Costs (3)			Annual Surplus/ (Shortfall)	Cumulative Fund Balance	Interest Earnings/ (Carry Cost) on Cuml. Balance	TID Could Prepay Outstanding Principal
			TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance	TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance	TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance				
0	2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NO
1	2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NO
2	2017	\$ 1,683,638	\$ 18,572,778	\$ -	\$ 18,572,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,683,638	\$ 1,683,638	\$ 67,346	NO
3	2018	\$ 2,707,482	\$ -	\$ -	\$ 18,572,778	\$28,055,556	\$ -	\$ 28,055,556	\$ -	\$ -	\$ -	\$ 2,707,482	\$ 4,458,466	\$ 178,339	NO
4	2019	\$ 3,510,022	\$ -	\$ -	\$ 18,572,778	\$ -	\$ -	\$ 28,055,556	\$ 8,977,778	\$ -	\$ 8,977,778	\$ 3,510,022	\$ 8,146,827	\$ 325,873	NO
5	2020	\$ 3,694,204	\$ -	\$ 1,759,235	\$ 17,695,750	\$ -	\$ -	\$ 28,055,556	\$ -	\$ -	\$ 8,977,778	\$ 1,934,969	\$ 10,407,669	\$ 416,307	NO
6	2021	\$ 3,994,696	\$ -	\$ 1,759,235	\$ 16,777,064	\$ -	\$ 2,657,454	\$ 26,730,740	\$ -	\$ -	\$ 8,977,778	\$ (421,993)	\$ 10,401,983	\$ 416,079	NO
7	2022	\$ 4,261,878	\$ -	\$ 1,759,235	\$ 15,814,740	\$ -	\$ 2,657,454	\$ 25,342,997	\$ -	\$ 850,385	\$ 8,553,837	\$ (1,005,196)	\$ 9,812,866	\$ 392,515	NO
8	2023	\$ 4,327,590	\$ -	\$ 1,759,235	\$ 14,806,705	\$ -	\$ 2,657,454	\$ 23,889,335	\$ -	\$ 850,385	\$ 8,109,759	\$ (939,484)	\$ 9,265,897	\$ 370,636	NO
9	2024	\$ 4,372,519	\$ -	\$ 1,759,235	\$ 13,750,789	\$ -	\$ 2,657,454	\$ 22,366,624	\$ -	\$ 850,385	\$ 7,644,587	\$ (894,555)	\$ 8,741,978	\$ 349,679	NO
10	2025	\$ 4,417,898	\$ -	\$ 1,759,235	\$ 12,644,717	\$ -	\$ 2,657,454	\$ 20,771,585	\$ -	\$ 850,385	\$ 7,157,320	\$ (849,176)	\$ 8,242,481	\$ 329,699	NO
11	2026	\$ 4,463,730	\$ -	\$ 1,759,235	\$ 11,486,106	\$ -	\$ 2,657,454	\$ 19,100,781	\$ -	\$ 850,385	\$ 6,646,907	\$ (803,343)	\$ 7,768,837	\$ 310,753	NO
12	2027	\$ 4,510,021	\$ -	\$ 1,759,235	\$ 10,272,462	\$ -	\$ 2,657,454	\$ 17,350,614	\$ -	\$ 850,385	\$ 6,112,250	\$ (757,053)	\$ 7,322,538	\$ 292,902	NO
13	2028	\$ 4,556,775	\$ -	\$ 1,759,235	\$ 9,001,169	\$ -	\$ 2,657,454	\$ 15,517,314	\$ -	\$ 850,385	\$ 5,552,196	\$ (710,299)	\$ 6,905,140	\$ 276,206	NO
14	2029	\$ 4,603,996	\$ -	\$ 1,759,235	\$ 7,669,490	\$ -	\$ 2,657,454	\$ 13,596,933	\$ -	\$ 850,385	\$ 4,965,541	\$ (663,078)	\$ 6,518,268	\$ 260,731	NO
15	2030	\$ 4,651,690	\$ -	\$ 1,759,235	\$ 6,274,556	\$ -	\$ 2,657,454	\$ 11,585,333	\$ -	\$ 850,385	\$ 4,351,018	\$ (615,384)	\$ 6,163,615	\$ 246,545	NO
16	2031	\$ 4,699,860	\$ -	\$ 1,759,235	\$ 4,813,363	\$ -	\$ 2,657,454	\$ 9,478,182	\$ -	\$ 850,385	\$ 3,707,306	\$ (567,214)	\$ 5,842,945	\$ 233,718	NO
17	2032	\$ 4,748,512	\$ -	\$ 1,759,235	\$ 3,282,764	\$ -	\$ 2,657,454	\$ 7,270,942	\$ -	\$ 850,385	\$ 3,033,018	\$ (518,562)	\$ 5,558,101	\$ 222,324	NO
18	2033	\$ 4,797,651	\$ -	\$ 1,759,235	\$ 1,679,460	\$ -	\$ 2,657,454	\$ 4,958,857	\$ -	\$ 850,385	\$ 2,326,701	\$ (469,423)	\$ 5,311,002	\$ 212,440	NO
19	2034	\$ 4,847,281	\$ -	\$ 1,759,235	\$ -	\$ -	\$ 2,657,454	\$ 2,536,949	\$ -	\$ 850,385	\$ 1,586,834	\$ (419,793)	\$ 5,103,649	\$ 204,146	YES
20	2035	\$ 4,897,407	\$ -	\$ -	\$ -	\$ -	\$ 2,657,454	\$ 0	\$ -	\$ 850,385	\$ 811,824	\$ 1,389,568	\$ 6,697,362	\$ 267,894	YES
21	2036	\$ 4,948,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ 850,385	\$ 0	\$ 4,097,649	\$ 11,062,906	\$ 442,516	YES
22	2037	\$ 4,999,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 0	\$ 4,999,168	\$ 16,504,591	\$ 660,184	YES
23	2038	\$ 5,050,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 0	\$ 5,050,813	\$ 22,215,588	\$ 888,624	YES
24	2039	\$ 5,102,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 0	\$ 5,102,975	\$ 28,207,186	\$ 1,128,287	YES
25	2040	\$ 5,155,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 0	\$ 5,155,658	\$ 34,491,132	\$ 1,379,645	YES
26	2041	\$ 5,208,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 0	\$ 5,208,868	\$ 41,079,646	\$ 1,643,186	YES
27	2042	\$ 5,262,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 0	\$ 5,262,611	\$ 47,985,442	\$ 1,919,418	YES
	2043	\$ 5,316,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ 0	\$ 5,316,890	\$ 55,221,750	\$ 2,208,870	YES
TOTALS		\$ 120,791,869	\$ 18,572,778	\$ 26,388,519	\$ -	\$28,055,556	\$39,861,811	\$ 0	\$ 8,977,778	\$12,755,779	\$ 0	\$ 41,785,760	\$ 55,221,750	\$ 15,644,860	

Appendix 6: Amortization without Increment from The Couture

Table 1: Funding Structure - Assuming No Couture Increment

Assumed Bonding	Assumed Year	Amount	Plus Issuance Costs	Capitalized Interest	Total Issuance	Years of TID Before Payment Begins
Infrastructure/Public Costs (1)	2017	\$ 6,550,000	\$ 65,500	\$ 735,056	\$ 7,350,556	4
Infrastructure/Public Costs (2)	2018	\$ 17,500,000	\$ 175,000	\$ 1,963,889	\$19,638,889	5
Infrastructure/Public Costs (3)	2019	\$ 8,000,000	\$ 80,000	\$ 897,778	\$ 8,977,778	6

[1] Amount and issuance costs based on information from RACM. Total Issuance and Capitalized Interest estimated based on typical RACM GO bond assumptions.

Table 2: Amortization - Assuming No Couture Increment

TID Year	Calendar Year	Projected Incremental Property Taxes - 833 East Alone	Debt Service - 2017			Debt Service - 2018			Debt Service - 2019			TID Payoff Analysis			
			Infrastructure/Public Costs (1)			Infrastructure/Public Costs (2)			Infrastructure/Public Costs (3)			Annual Surplus/ (Shortfall)	Cumulative Fund Balance	Interest Earnings/ (Carry Cost) on Cuml. Balance	TID Could Prepay Outstanding Principal
			TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance	TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance	TID-Backed Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance				
0	2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NO
1	2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NO
2	2017	\$ 1,683,638	\$ 7,350,556	\$ -	\$ 7,350,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,683,638	\$ 1,683,638	\$ 67,346	NO
3	2018	\$ 2,140,060	\$ -	\$ -	\$ 7,350,556	\$19,638,889	\$ -	\$ 19,638,889	\$ -	\$ -	\$ -	\$ 2,140,060	\$ 3,891,044	\$ 155,642	NO
4	2019	\$ 2,331,390	\$ -	\$ -	\$ 7,350,556	\$ -	\$ -	\$ 19,638,889	\$ 8,977,778	\$ -	\$ 8,977,778	\$ 2,331,390	\$ 6,378,076	\$ 255,123	NO
5	2020	\$ 2,375,242	\$ -	\$ 696,253	\$ 7,003,454	\$ -	\$ -	\$ 19,638,889	\$ -	\$ -	\$ 8,977,778	\$ 1,678,989	\$ 8,312,188	\$ 332,488	NO
6	2021	\$ 2,400,648	\$ -	\$ 696,253	\$ 6,639,865	\$ -	\$ 1,860,218	\$ 18,711,518	\$ -	\$ -	\$ 8,977,778	\$ (155,823)	\$ 8,488,852	\$ 339,554	NO
7	2022	\$ 2,426,308	\$ -	\$ 696,253	\$ 6,259,006	\$ -	\$ 1,860,218	\$ 17,740,098	\$ -	\$ 850,385	\$ 8,553,837	\$ (980,548)	\$ 7,847,858	\$ 313,914	NO
8	2023	\$ 2,452,224	\$ -	\$ 696,253	\$ 5,860,056	\$ -	\$ 1,860,218	\$ 16,722,534	\$ -	\$ 850,385	\$ 8,109,759	\$ (954,632)	\$ 7,207,141	\$ 288,286	NO
9	2024	\$ 2,478,400	\$ -	\$ 696,253	\$ 5,442,155	\$ -	\$ 1,860,218	\$ 15,656,637	\$ -	\$ 850,385	\$ 7,644,587	\$ (928,456)	\$ 6,566,970	\$ 262,679	NO
10	2025	\$ 2,504,837	\$ -	\$ 696,253	\$ 5,004,405	\$ -	\$ 1,860,218	\$ 14,540,109	\$ -	\$ 850,385	\$ 7,157,320	\$ (902,019)	\$ 5,927,630	\$ 237,105	NO
11	2026	\$ 2,531,539	\$ -	\$ 696,253	\$ 4,545,861	\$ -	\$ 1,860,218	\$ 13,370,547	\$ -	\$ 850,385	\$ 6,646,907	\$ (875,317)	\$ 5,289,419	\$ 211,577	NO
12	2027	\$ 2,558,508	\$ -	\$ 696,253	\$ 4,065,536	\$ -	\$ 1,860,218	\$ 12,145,430	\$ -	\$ 850,385	\$ 6,112,250	\$ (848,348)	\$ 4,652,648	\$ 186,106	NO
13	2028	\$ 2,585,747	\$ -	\$ 696,253	\$ 3,562,396	\$ -	\$ 1,860,218	\$ 10,862,120	\$ -	\$ 850,385	\$ 5,552,196	\$ (821,109)	\$ 4,017,644	\$ 160,706	NO
14	2029	\$ 2,613,258	\$ -	\$ 696,253	\$ 3,035,357	\$ -	\$ 1,860,218	\$ 9,517,853	\$ -	\$ 850,385	\$ 4,965,541	\$ (793,598)	\$ 3,384,752	\$ 135,390	NO
15	2030	\$ 2,641,044	\$ -	\$ 696,253	\$ 2,483,284	\$ -	\$ 1,860,218	\$ 8,109,733	\$ -	\$ 850,385	\$ 4,351,018	\$ (765,812)	\$ 2,754,330	\$ 110,173	NO
16	2031	\$ 2,669,108	\$ -	\$ 696,253	\$ 1,904,987	\$ -	\$ 1,860,218	\$ 6,634,727	\$ -	\$ 850,385	\$ 3,707,306	\$ (737,748)	\$ 2,126,754	\$ 85,070	NO
17	2032	\$ 2,697,452	\$ -	\$ 696,253	\$ 1,299,221	\$ -	\$ 1,860,218	\$ 5,089,659	\$ -	\$ 850,385	\$ 3,033,018	\$ (709,404)	\$ 1,502,421	\$ 60,097	NO
18	2033	\$ 2,726,080	\$ -	\$ 696,253	\$ 664,681	\$ -	\$ 1,860,218	\$ 3,471,200	\$ -	\$ 850,385	\$ 2,326,701	\$ (680,776)	\$ 881,742	\$ 35,270	NO
19	2034	\$ 2,754,995	\$ -	\$ 696,253	\$ -	\$ -	\$ 1,860,218	\$ 1,775,864	\$ -	\$ 850,385	\$ 1,586,834	\$ (651,862)	\$ 265,150	\$ 10,606	NO
20	2035	\$ 2,784,198	\$ -	\$ -	\$ -	\$ -	\$ 1,860,218	\$ -	\$ -	\$ 850,385	\$ 811,824	\$ 73,595	\$ 349,351	\$ 13,974	NO
21	2036	\$ 2,813,693	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,385	\$ 0	\$ 1,963,308	\$ 2,326,633	\$ 93,065	YES
22	2037	\$ 2,843,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 2,843,484	\$ 5,263,182	\$ 210,527	YES
23	2038	\$ 2,873,572	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 2,873,572	\$ 8,347,281	\$ 333,891	YES
24	2039	\$ 2,903,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 2,903,961	\$ 11,585,134	\$ 463,405	YES
25	2040	\$ 2,934,654	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 2,934,654	\$ 14,983,194	\$ 599,328	YES
26	2041	\$ 2,965,654	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 2,965,654	\$ 18,548,176	\$ 741,927	YES
27	2042	\$ 2,996,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 2,996,965	\$ 22,287,068	\$ 891,483	YES
	2043	\$ 3,028,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 3,028,588	\$ 26,207,138	\$ 1,048,286	YES
TOTALS		\$ 70,715,248	\$ 7,350,556	\$ 10,443,794	\$ -	\$19,638,889	\$27,903,268	\$ -	\$ 8,977,778	\$12,755,779	\$ 0	\$ 19,612,407	\$ 26,207,138	\$ 7,643,017	

Appendix 7: Limitations

LIMITATIONS OF ENGAGEMENT

Our report is based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings/teleconferences during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the report to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include without limitation economic growth trends, governmental actions, changes in assessment practices, changes in the TID statute, interest rates and other factors. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our report is intended solely for your information, for purposes of amending a Tax Incremental Financing district. It should not be relied upon by any other person, firm or corporation or for any other purposes. Neither the report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan, or other agreement or document intended for use in obtaining funds from individual investors.

Exhibit 6: Letter from the City Attorney

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November 17, 2014

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

Re: Project Plan for Tax Incremental District No. 82
(East Michigan Street)

Dear Commissioner Marcoux:

Pursuant to your request, we have reviewed the Project Plan for the above-described Tax Incremental District No. 82.

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:210098

1050-2012-1849

