

**PROJECT PLAN FOR
TAX INCREMENTAL FINANCING DISTRICT NO. 84
(West McKinley and West Juneau)**

CITY OF MILWAUKEE

Public Hearing Held: July 2, 2015

Redevelopment Authority Adopted:

Common Council Adopted:

Joint Review Board Adopted:

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I. DESCRIPTION OF THE PROJECT

A. Introduction

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

B. District Boundaries and Compliance with Statutory Eligibility Criteria

The West McKinley and West Juneau Tax Incremental Financing District (“District” or “TID”) is comprised of 70 properties totaling 44.82 acres (collectively, the “Property”). The District is shown in **Map No. 1, “Boundary and Existing Land Use,”** and described more precisely in **Exhibit 1, “Boundary Description.”** 57.92% of the real property located within the District was found to be a blighted area within the meaning of Section 66.1105(2)(ae) of the Wisconsin Statutes due to the age and obsolescence of the Bradley Center, substantial area that is abandoned highway corridor and areas with obsolete platting. 0% of the real property located within the District is considered vacant property within the meaning of Section 66.1105(4)(gm) of the Wisconsin Statutes. **Exhibit 2, “Property Characteristics,”** illustrates how the property in the District meets the statutory criteria for Tax Incremental Districts. A portion of this District overlaps the existing Tax Incremental District No. 48 (Park East), shown in **Map No. 5, “Park East TID 48.”**

C. Project Plan Goals and Objectives

Background

In 1988, the Bradley Center opened in downtown Milwaukee. It was built in an effort to attract a National Hockey League franchise to Milwaukee, as well as house the National Basketball Association (“NBA”)’s Milwaukee Bucks franchise and other sporting, music and live entertainment events. Costing \$90 million at the time, the Bradley Center was paid for by a large donation from the Pettit family. The City of Milwaukee (“City”) also contributed significant resources by assembling land and building structured parking to support the Bradley Center.

The Bradley Center is now one of the oldest arenas in the NBA and has not had a major renovation in the 27 years it has been in operation. Since there has been no dedicated funding source for capital improvements and operations or maintenance, the State of Wisconsin (“State”) and the City have had to contribute significant resources over the years to ensure that the Bradley Center remains operational. Due to the seating being optimized for hockey, deferred maintenance, lack of amenities and insufficient options for generating revenue, the NBA considers the Bradley Center obsolete for NBA purposes. As a result, if the Milwaukee Bucks do not have a new arena completed (or sufficiently underway) by the start of the 2017 NBA season, the NBA will seek to move the Milwaukee Bucks to another market. In addition to losing an NBA franchise, the State and the City would have to make a significant investment in the Bradley Center to ensure its viability for hosting major sporting, music and other live entertainment events of the quality expected and deserved in a city of the size and stature of Milwaukee.

When the Bradley Center was built, it was landlocked by the Milwaukee Area Technical College to the west, Milwaukee Auditorium (now Milwaukee Theater) and Milwaukee Arena (now Panther Arena) to the south, the 4th/Highland parking structure to the east and the Park East Freeway spur (“Park East”) to the north. Therefore, there was little opportunity for new development and investment adjacent to the Bradley Center, particularly to the north.

The Park East cut off downtown Milwaukee from the near north side, both physically and psychologically. As a result, in 1999, the Downtown Area Plan was adopted by the City, which listed the removal of the Park East as a catalytic project. In 2002, Tax Incremental District #48 (Park East) was created to help fund the removal of the Park East, as well as to fund the installation of new infrastructure in the Park East corridor to prepare the new sites for development. In 2004, the Park East Redevelopment Plan was adopted, which promoted a mix of uses for the Park East corridor and implemented design standards for new buildings. The demolition of the Park East began in 2004 and the new infrastructure was completed in 2005. Despite successful developments on the perimeter of the Park East, such as The Brewery, Schlitz Park, The Moderne and Aloft Hotel, the majority of the Park East corridor west of the Milwaukee River, owned by Milwaukee County, has remained vacant due to market and financial difficulties.

To solve these issues, The Milwaukee Bucks LLC and Head of the Herd LLC, including their affiliates (collectively, the “Bucks”) are proposing to build a new arena in downtown Milwaukee, as well as invest in ancillary private development in the Park East and surrounding properties.

Proposed Arena

The Bucks are proposing to build a new, modern arena for the Milwaukee Bucks and other sporting, music and live entertainment events in the blocks bounded by West Juneau Avenue, North 6th Street, West Highland Avenue and North 4th Street (the “Bucks Arena”). The Bucks Arena will ensure that the Milwaukee Bucks remain in the City and will spur additional private investment in the Park East and on the Bradley Center site. The estimated cost for the Bucks Arena is \$500 million.

The total sources of funding for the Bucks Arena are as follows:

Bucks	\$150 million
Senator Herb Kohl	\$100 million
Wisconsin Center District	\$93 million
Milwaukee County	\$55 million
State of Wisconsin	\$55 million
<u>City of Milwaukee</u>	<u>\$47 million</u>
TOTAL:	\$500 million

The City will contribute \$47 million towards the \$500 million Bucks Arena. The majority of the City’s contribution will fund the construction of a new 1,243-space parking structure on the block bounded by West McKinley Avenue, North 6th Street, West Juneau Avenue and North 5th Street (the “Parking Structure”). The Parking Structure will serve the Bucks Arena during events, but will also provide off-event parking for the future development of nearby properties. This new parking structure is estimated to cost \$35 million and will be owned by the City. The Parking Structure will be funded through a combination of City general obligation bonds or notes, Redevelopment Authority of the City of Milwaukee (“RACM”) revenue bonds, amendments to existing tax incremental districts and other City sources. Additionally, the City will contribute \$12 million from this District towards the construction of a plaza outside of the Bucks Arena in vacated 4th Street between West Juneau Avenue and West Highland Avenue (the “Plaza”).

Proposed Ancillary Development

On the Milwaukee County-owned Park East land west of the Milwaukee River and the site of the Bradley Center (the “Development Sites”), the Bucks are proposing \$400-500 million in private development.

This additional development will include a new training/practice facility and associated uses for the Bucks (the “Training Facility”) and 30,000 S.F. of office space on the block west of North 6th Street. On the remaining Development Sites, the Bucks are proposing up to 220,000 S.F. of office space, 250,000 S.F. of retail space, a 300-room hotel, 650 apartment units, 72 student housing units and associated parking. This proposed investment includes a 60,000 S.F. retail and entertainment

development (the “Live Block”) on the site of the City’s existing 4th/Highland parking structure directly across the Plaza from the Bucks Arena.

The planned Bucks Arena, Training Facility, Parking Structure, Plaza, Live Block and Development Sites (collectively, the “Project”) are shown in **Map No. 3, “Proposed Uses and Improvements.”**

More detailed objectives of this Project Plan are to:

- Eliminate a blighting influence in downtown Milwaukee by replacing the aging and obsolete Bradley Center with a new modern arena for sporting, music and other live entertainment events.
- Increase the tax base of the City by developing a portion of the City that has been vacant and underutilized for over 10 years and a majority of which is currently tax-exempt.
- Promote new housing, office and retail development in downtown Milwaukee.
- Provide public parking to assist in the continued development of the Park East land west of the Milwaukee River.
- Provide new public spaces, public plazas and pedestrian amenities in downtown Milwaukee.
- Implement a catalytic project from the 1999 Downtown Area Plan, the Park East Redevelopment Project.
- Retain the Milwaukee Bucks NBA franchise in the City.

D. Existing Land Uses and Conditions in the District

The District is currently comprised of 70 properties totaling 44.82 acres. The current (2015) total assessment of the District is \$51,654,900. The Property in the District includes many different zoning categories: C9D(A) - Civic Activity, C9G – Mixed Activity, C9H – Warehousing and Light Manufacturing, RED (Park East), IM – Industrial Mixed, and IL2 – Industrial Light.

The Property currently includes the Bradley Center, the vacant portion of the Park East corridor west of the Milwaukee River, the City-owned 4th/Highland parking garage, a Milwaukee County-owned parking lot at North 6th Street and West State Street, a majority of the Old World Third Street commercial district, the Journal Communications property and industrial/warehouse buildings north of West McKinley Avenue.

II. PLAN PROPOSALS

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

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

Funds generated from the District will be used for providing two grants related to the Project, as outlined the Term Sheet, attached as **Exhibit 4, “Term Sheet.”**

Plaza Grant: A \$12,000,000 cash grant will be provided for the Plaza associated with the Bucks Arena. City will receive 100% of incremental taxes collected in the District until such time as the \$12,000,000, plus the City’s borrowing costs, is repaid, over a period not to exceed 25 years.

Bucks Grant: An \$8,000,000 cash grant will be provided to the Bucks for the Bucks Arena. It is anticipated that the Bucks will purchase \$8,000,000 in bonds issued by RACM to fund the grant. After the City has been repaid for the Plaza Grant, City will make annual payments to the Bucks equal to 100% of the incremental taxes collected from the District, until such time as \$8,000,000 is repaid by

the payments plus an interest rate of 4.5%, over a period not to exceed 25 years (the “Monetary Obligation”).

B. “Detailed List of Estimated Project Costs.”

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

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

Capital Costs

The City shall fund an estimated \$20,000,000 in the form of TID Capital Project Costs enumerated in further detail in **Table A** of this Plan.

TABLE A: TID Capital Project Costs	
Grant to the Plaza	\$12,000,000
Grant to the Bucks	\$8,000,000
TOTAL Capital Project Costs	\$20,000,000

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

Financing Costs

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

TABLE B: Lists of Estimated Project Costs

<u>Capital:</u>	
Grant to the Plaza	\$12,000,000
Grant to the Bucks	\$8,000,000
Total Estimated Project Costs, excluding financing	\$20,000,000
<u>Financing:</u>	
Interest	\$18,670,000

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

All expenditures are expected to be incurred during the period from 2015-2020.

The City may proceed to fund any or all Project Costs using general obligation bonds or notes, or RACM revenue bonds to be issued in amounts which can be supported using tax increments in the District. The annual payments to the Bucks will be repaid pursuant to the Monetary Obligation, using incremental taxes generated annually in the District.

D. “Economic Feasibility Study.”

The Economic Feasibility Study for this District is attached to this Project Plan as **Exhibit 5, “Economic Feasibility Report: Proposed West McKinley and West Juneau Incremental District (TID No. 84).”** The study establishes the dollar value of the Project Costs which, based on certain general assumptions and a reasonable margin of safety, can be financed with the revenues projected to be generated by the District.

Based upon the anticipated tax incremental revenue to be generated by the District, the District is financially feasible and is likely to be retired on or before year 25. Should incremental revenues be generated in excess of those currently anticipated, they may be used to more rapidly repay the Monetary Obligation to the Bucks.

E. “Map Showing Existing Uses and Conditions.”

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

F. “Map Showing Proposed Uses and Improvements.”

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

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

Please refer to **Map No. 4, “Existing Zoning,”** in the Exhibits Section which follows. The proposed Project Plan is generally consistent with the existing zoning. However, in accordance with **Exhibit 4, “Term Sheet,”** the Bucks shall pursue a Detailed Planned Development for all future development. The proposed Project Plan is in accordance with the existing master plan, map, building codes, and other city ordinances. The Project Plan should not require amendments to their provisions, but such amendments could be made if necessary without further amendment to this Project Plan.

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

To facilitate the implementation of this Project Plan, the City may make the following public infrastructure improvements, which are not included as Project Costs in this Project Plan:

- Vacate North 4th Street between West Juneau Avenue and West Highland Avenue (including any utility work related to those vacations)
- Vacate North 5th Street between West Juneau Avenue and West Highland Avenue (including any utility work related to those vacations)
- Vacate any public alleys (including any utility work related to those vacations) necessary for the Bucks Arena.

I. “Proposed Method for Relocation.”

This Project Plan does not anticipate the acquisition of property by the City that would require relocation of existing tenants. The City will be acquiring a new parking structure once completed by the Bucks, however, since it is a new structure, no relocation will be necessary. Accordingly, no relocation activities or expenditures for relocation payments or services are provided herein. Should the acquisition of property by condemnation and requiring relocation be necessary, the cost and method of relocation will be included in a redevelopment plan and associated relocation plan prepared in cooperation with the Redevelopment Authority, pursuant to Section 66.1333 and Section 32.05,

Wisconsin Statutes. The costs of such activities will be eligible for reimbursement through tax increment revenues should such revenues be generated during the statutory life of the District.

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

The creation of the District will provide a means to continue the revitalization of downtown Milwaukee, and more specifically, the Park East area. The District is consistent with the objectives of the Downtown Area Plan, approved in 1999 and updated in 2010, which identified the Park East Redevelopment Project as a catalytic project for Downtown Milwaukee. The District is also consistent with the objectives of the Park East Redevelopment Plan, adopted in 2004. The District will facilitate the development of blighted property, creation of tax base, job creation and the continued increase in downtown residential population.

K. “Opinion of the City Attorney.”

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

EXHIBIT 1
Boundary Description

Beginning at a point at the intersection of the west line of North 6th Street and the north line of West Vliet Street;

Thence, east along the north line of West Vliet Street to the intersection with the east line of North Martin Luther King, Jr. Drive;

Thence, south along the east line of North Martin Luther King, Jr. Drive, which becomes North Old World Third Street, to the intersection with the south line of West Juneau Avenue;

Thence, west along the south line of West Juneau Avenue to the intersection with the east line of the north-south alley in the blocks bounded by West Juneau Avenue, North Old World Third Street, West State Street and North 4th Street;

Thence, south along the east line of the north-south alley in the blocks bounded by West Juneau Avenue, North Old World Third Street, West State Street and North 4th Street to the intersection with the south line of 1141 North Old World Third Street;

Thence, east along the south line of 1141 North Old World Third Street extended to the intersection with the west line of North Old World Third Street;

Thence, north along the west line of North Old World Third Street to the intersection with the south line of West Juneau Avenue;

Thence, east along the south line of West Juneau Avenue to the intersection with the center line of the Milwaukee River;

Thence, south along the center line of the Milwaukee River to the intersection with the south line of West State Street;

Thence, west along the south line of West State Street to the intersection with the east line of North Old World Third Street;

Thence, south along the east line of North Old World Third Street to the intersection with the south line of West Kilbourn Avenue;

Thence, west along the south line of West Kilbourn Avenue to the intersection with the west line of North 4th Street;

Thence, north along the west line of North 4th Street to the intersection with the south line of West State Street;

Thence, west along the south line of West State Street to the intersection with the east line of North 6th Street;

Thence, south along the east line of North 6th Street to the intersection of the south line of 623 West State Street extended;

Thence, west along the south line of 623 West State Street extended to the intersection with the west line of North James Lovell Street;

Thence, north along the west line of North James Lovell Street to the intersection with the north line of West State Street;

Thence, east along the north line of West State Street to the intersection with the west line of North 6th Street;

Thence, north along the west line of North 6th Street to the intersection with the north line of West Juneau Avenue;

Thence, west along the north line of West Juneau Avenue to the intersection with the north line of West Winnebago Street;

Thence, northwest along the north line of West Winnebago Street to the intersection with southeast line of 1000 West Winnebago Street;

Thence, northeast along the southeast line of 1000 West Winnebago Street to the intersection with the north line of West McKinley Avenue extended;

Thence, east along the north line of West McKinley Avenue extended to the intersection with the west line of North 6th Street;

Thence, north along the west line of North 6th Street to the point of beginning and more particularly depicted in Map 1 of this Project Plan.

EXHIBIT 2
Property Characteristics

Findings substantiating that not less than 50%, by area, of the real property within the proposed district is blighted within the meaning of Section 66.1105(2)(ae) Wisconsin Statutes.

Parcel	Taxkey	Owner Name	Land Assessment	Improvement Assessment	Total Assessment	Lot SF	Blight (SF)	Vacant (SF)
1	3922371000	BRADLEY CENTER SPORTS &	\$0	\$0	\$0	250,895	250,895	0
2	3610520000	MILWAUKEE TURNERS	\$75,000	\$645,000	\$720,000	15,000	0	0
3	3610515100	THE MILWAUKEE TURNERS	\$300,000	\$584,000	\$884,000	15,000	0	0
4	3922381111	BRADLEY CENTER CORP	\$0	\$0	\$0	59,388	59,388	0
5	3610446110	BRADLEY CENTER SPORTS & ENTE	\$0	\$0	\$0	42,709	42,709	0
6	3620471000	MILWAUKEE COUNTY	\$0	\$0	\$0	24,962	24,962	0
7	3620468000	MILWAUKEE COUNTY	\$0	\$0	\$0	18,330	18,330	0
8	3610330112	ROADSTER LLC	\$318,000	\$1,278,000	\$1,596,000	39,750	0	0
9	3610344100	ROTTER INVESTMENT RLTY CO	\$333,000	\$1,380,000	\$1,713,000	55,495	0	0
10	3610324111	STR INVESTMENT CO	\$66,000	\$2,000	\$68,000	8,250	0	0
11	3610319000	STR INVESTMENT CO	\$60,000	\$252,000	\$312,000	7,500	0	0
12	3610318000	STR INVESTMENT CO	\$60,000	\$94,000	\$154,000	7,500	0	0
13	3610480114	BRADLEY CENTER SPORTS &	\$0	\$0	\$0	130,333	130,333	0
14	3910731000	BRADLEY CENTER CORP	\$0	\$0	\$0	22,461	22,461	0
15	3610490100	BRADLEY CENTER CORP	\$0	\$0	\$0	41,046	41,046	0
16	3620463100	MILWAUKEE COUNTY	\$0	\$0	\$0	46,945	46,945	0
17	3620461000	MILWAUKEE COUNTY	\$0	\$0	\$0	53,804	53,804	0
18	3610350100	FIRST PARTNERS LLC	\$128,400	\$294,600	\$423,000	21,392	0	0
19	3610348110	HAYMARKET PROPERTIES LLC	\$295,900	\$503,100	\$799,000	49,319	0	0
20	3610438000	FRED USINGER, INC	\$30,600	\$68,200	\$98,800	2,550	0	0
21	3922391000	CITY OF MILWAUKEE	\$0	\$0	\$0	59,600	59,600	0
22	3610409100	REDEV AUTH CITY OF MILW	\$0	\$0	\$0	8,246	8,246	0
23	3620467000	MILWAUKEE COUNTY	\$0	\$0	\$0	56,055	56,055	0
24	3610449100	BRADLEY CENTER SPORTS &	\$0	\$0	\$0	15,157	15,157	0
25	3610459000	WALTER M HEIMERL & FRANCEEN	\$120,000	\$97,000	\$217,000	5,000	0	0
26	3620465000	MILWAUKEE COUNTY	\$0	\$0	\$0	61,158	61,158	0
27	3610571100	JOURNAL SENTINEL INC	\$264,000	\$867,000	\$1,131,000	6,600	0	0
28	3612202000	ASSOCIATED BANK	\$67,800	\$0	\$67,800	8,474	0	0
29	3612201000	ASSOCIATED BANK	\$207,500	\$2,867,500	\$3,075,000	25,933	0	0

30	3610327000	SANFORD J MITZ	\$55,700	\$402,300	\$458,000	3,975	0	0
31	3610326000	BRIAN L MOSEHART	\$52,500	\$288,500	\$341,000	3,750	0	0
32	3610317100	BREWERY WORKERS CREDIT UNION	\$311,900	\$214,100	\$526,000	22,275	0	0
33	3620466000	MILWAUKEE COUNTY	\$0	\$0	\$0	48,914	48,914	0
34	3620464000	MILWAUKEE COUNTY	\$0	\$0	\$0	45,435	45,435	0
35	3610351111	MARTIN DRIVE REAL EST LLC	\$156,900	\$1,178,100	\$1,335,000	26,151	0	0
36	3610537000	JOHN HINKEL BUILDING LLC	\$29,100	\$647,900	\$677,000	2,420	0	0
37	3610538000	PULLUM TAIRI	\$26,400	\$169,600	\$196,000	2,200	0	0
38	3610530000	PULLUM TAIRI TOD	\$23,800	\$267,200	\$291,000	1,980	0	0
39	3610529000	LENRAK LLC	\$36,000	\$369,000	\$405,000	3,000	0	0
40	3610528000	THOMAS P EHR & YVETTE R EHR	\$36,000	\$208,000	\$244,000	3,000	0	0
41	3610527000	BUCK BRADLEY LLC	\$75,600	\$1,431,400	\$1,507,000	6,300	0	0
42	3610524000	RICHARD WAGNER	\$35,200	\$199,800	\$235,000	2,936	0	0
43	3610523000	WELLS FARGO BANK NA	\$69,900	\$1,103,100	\$1,173,000	5,824	0	0
44	3610522000	TOM AND PATTY LLC	\$36,900	\$475,100	\$512,000	3,075	0	0
45	3610540111	FRED USINGER INC	\$2,346,200	\$743,900	\$3,090,100	48,414	0	0
46	3610521000	1033 OLD WORLD 3RD LLC	\$53,100	\$1,225,900	\$1,279,000	4,425	0	0
47	3610519100	G VICTOR MADER	\$270,000	\$1,302,000	\$1,572,000	22,500	0	0
48	3610539110	HIGHLAND BEACH SURFER INC	\$465,900	\$1,686,100	\$2,152,000	15,531	0	0
49	3610437000	OLD WORLD DEV LLC	\$59,400	\$1,163,600	\$1,223,000	4,950	0	0
50	3611801110	RFP OFFICE LLC	\$585,600	\$7,041,400	\$7,627,000	19,519	0	0
51	3610432000	CARMELINO R CAPATI &	\$45,000	\$212,000	\$257,000	3,750	0	0
52	3610431000	MCNULTY HOLDINGS LLC	\$45,000	\$322,000	\$367,000	3,750	0	0
53	3610430000	HIGHLAND BEACH SURFERS INC	\$45,000	\$71,000	\$116,000	3,750	0	0
54	3610429000	FRED USINGER, INC	\$75,000	\$42,000	\$117,000	3,750	0	0
55	3610427000	FRED USINGER INC	\$63,000	\$5,900	\$68,900	3,000	0	0
56	3611802100	MILWAUKEE RIVER HOTEL-P LLC	\$1,933,300	\$0	\$1,933,300	48,344	0	0
57	3610426000	CARMELINO CAPATI JR &	\$54,000	\$755,000	\$809,000	4,500	0	0
58	3610425000	MILW RIVER HOTEL-P LLC	\$90,000	\$209,000	\$299,000	7,500	0	0
59	3610421000	RRD REAL EST HOLDINGS I LLC	\$34,200	\$302,800	\$337,000	2,850	0	0
60	3620470000	MILWAUKEE COUNTY	\$0	\$0	\$0	18,644	18,644	0
61	3620469000	MILWAUKEE COUNTY	\$0	\$0	\$0	11,863	11,863	0
62	3610536000	JOHN HINKEL BUILDING LLC	\$28,800	\$44,700	\$73,500	2,400	0	0
63	3610535000	SANDRA STONE RUFFALO	\$30,000	\$688,000	\$718,000	2,500	0	0
64	3610534000	BRIAN E O'LEARY	\$30,000	\$78,000	\$108,000	2,500	0	0

65	3610531110	JOURNAL SENTINEL INC	\$950,000	\$67,000	\$1,017,000	25,000	0	0
66	3610559111	JOURNAL SENTINEL INC	\$3,727,300	\$5,351,200	\$9,078,500	129,283	0	0
67	3611683000	MILWAUKEE COUNTY	\$0	\$0	\$0	81,177	81,177	0
68	3610332000	419 VLIET LLC	\$45,000	\$209,000	\$254,000	7,500	0	0
69	3611811000	WISCONSIN ELECTRIC POWER CO	\$0	\$0	\$0	101,190	0	0
70	3620462100	MILWAUKEE COUNTY	\$0	\$0	\$0	33,789	33,789	0
Total:			\$14,247,900	\$37,407,000	\$51,654,900	1,952,465	1,130,910	0
Percentage:							57.92%	0.00%

**EXHIBIT 3
Parcel Owners**

Parcel	Taxkey	Address	Owner Name
1	3922371000	1001 N 4TH ST	BRADLEY CENTER SPORTS &
2	3610520000	1030 N 4TH ST	MILWAUKEE TURNERS
3	3610515100	1048 N 4TH ST	THE MILWAUKEE TURNERS
4	3922381111	1111 N 4TH ST	BRADLEY CENTER CORP
5	3610446110	1137 N 4TH ST	BRADLEY CENTER SPORTS & ENTE
6	3620471000	1224 N 4TH ST	MILWAUKEE COUNTY
7	3620468000	1244 N 4TH ST	MILWAUKEE COUNTY
8	3610330112	1300 N 4TH ST	ROADSTER LLC
9	3610344100	1303 N 4TH ST	ROTTER INVESTMENT RLTY CO
10	3610324111	1334 N 4TH ST	STR INVESTMENT CO
11	3610319000	1344 N 4TH ST	STR INVESTMENT CO
12	3610318000	1350 N 4TH ST	STR INVESTMENT CO
13	3610480114	1133 N 5TH ST	BRADLEY CENTER SPORTS &
14	3910731000	1010 N 6TH ST	BRADLEY CENTER CORP
15	3610490100	1030 N 6TH ST	BRADLEY CENTER CORP
16	3620463100	1227 N 6TH ST	MILWAUKEE COUNTY
17	3620461000	1247 N 6TH ST	MILWAUKEE COUNTY
18	3610350100	1310 N 6TH ST	FIRST PARTNERS LLC
19	3610348110	1340 N 6TH ST	HAYMARKET PROPERTIES LLC
20	3610438000	316 W HIGHLAND AV	FRED USINGER, INC
21	3922391000	324 W HIGHLAND AV	CITY OF MILWAUKEE
22	3610409100	300 W JUNEAU AV	REDEV AUTH CITY OF MILW
23	3620467000	420 W JUNEAU AV	MILWAUKEE COUNTY
24	3610449100	429 W JUNEAU AV	BRADLEY CENTER SPORTS &
25	3610459000	505 W JUNEAU AV	WALTER M HEIMERL & FRANCEEN
26	3620465000	516 W JUNEAU AV	MILWAUKEE COUNTY
27	3610571100	330 W KILBOURN AV	JOURNAL SENTINEL INC
28	3612202000	1301 N MARTIN L KING JR DR	ASSOCIATED BANK
29	3612201000	1311 N MARTIN L KING JR DR	ASSOCIATED BANK
30	3610327000	1331 N MARTIN L KING JR DR	SANFORD J MITZ
31	3610326000	1333 N MARTIN L KING JR DR	BRIAN L MOSEHART
32	3610317100	1345 N MARTIN L KING JR DR	BREWERY WORKERS CREDIT UNION
33	3620466000	423 W MC KINLEY AV	MILWAUKEE COUNTY
34	3620464000	519 W MC KINLEY AV	MILWAUKEE COUNTY
35	3610351111	520 W MC KINLEY AV	MARTIN DRIVE REAL EST LLC
36	3610537000	1001 N OLD WORLD THIRD ST	JOHN HINKEL BUILDING LLC
37	3610538000	1003 N OLD WORLD THIRD ST	PULLUM TAIRI
38	3610530000	1005 N OLD WORLD THIRD ST	PULLUM TAIRI TOD
39	3610529000	1009 N OLD WORLD THIRD ST	LENRAK LLC
40	3610528000	1013 N OLD WORLD THIRD ST	THOMAS P EHR & YVETTE R EHR
41	3610527000	1015 N OLD WORLD THIRD ST	BUCK BRADLEY LLC
42	3610524000	1021 N OLD WORLD THIRD ST	RICHARD WAGNER
43	3610523000	1023 N OLD WORLD THIRD ST	WELLS FARGO BANK NA
44	3610522000	1029 N OLD WORLD THIRD ST	TOM AND PATTY LLC
45	3610540111	1030 N OLD WORLD THIRD ST	FRED USINGER INC
46	3610521000	1033 N OLD WORLD THIRD ST	1033 OLD WORLD 3RD LLC
47	3610519100	1037 N OLD WORLD THIRD ST	G VICTOR MADER

48	3610539110	1044 N OLD WORLD THIRD ST	HIGHLAND BEACH SURFER INC
49	3610437000	1103 N OLD WORLD THIRD ST	OLD WORLD DEV LLC
50	3611801110	1104 N OLD WORLD THIRD ST	RFP OFFICE LLC
51	3610432000	1105 N OLD WORLD THIRD ST	CARMELINO R CAPATI &
52	3610431000	1109 N OLD WORLD THIRD ST	MCNULTY HOLDINGS LLC
53	3610430000	1113 N OLD WORLD THIRD ST	HIGHLAND BEACH SURFERS INC
54	3610429000	1117 N OLD WORLD THIRD ST	FRED USINGER, INC
55	3610427000	1121 N OLD WORLD THIRD ST	FRED USINGER INC
56	3611802100	1124 N OLD WORLD THIRD ST	MILWAUKEE RIVER HOTEL-P LLC
57	3610426000	1125 N OLD WORLD THIRD ST	CARMELINO CAPATI JR &
58	3610425000	1129 N OLD WORLD THIRD ST	MILW RIVER HOTEL-P LLC
59	3610421000	1137 N OLD WORLD THIRD ST	RRD REAL EST HOLDINGS I LLC
60	3620470000	1225 N OLD WORLD THIRD ST	MILWAUKEE COUNTY
61	3620469000	1245 N OLD WORLD THIRD ST	MILWAUKEE COUNTY
62	3610536000	316 W STATE ST	JOHN HINKEL BUILDING LLC
63	3610535000	322 W STATE ST	SANDRA STONE RUFFALO
64	3610534000	324 W STATE ST	BRIAN E O'LEARY
65	3610531110	332 W STATE ST	JOURNAL SENTINEL INC
66	3610559111	333 W STATE ST	JOURNAL SENTINEL INC
67	3611683000	623 W STATE ST	MILWAUKEE COUNTY
68	3610332000	419 W VLIET ST	419 VLIET LLC
69	3611811000	435 W VLIET ST	WISCONSIN ELECTRIC POWER CO
70	3620462100	740 W WINNEBAGO ST	MILWAUKEE COUNTY

EXHIBIT 4
TERM SHEET

(see next page)

TERM SHEET

NEW BUCKS ARENA

June 15, 2015

PROJECT:

Milwaukee Bucks LLC intends to construct a new arena in downtown Milwaukee to be used as the home arena of the Milwaukee Bucks NBA basketball team at a cost of \$500 million. Through negotiations with the State of Wisconsin, Milwaukee County and the City of Milwaukee, it was decided that half of the project would be funded with public dollars and that the City of Milwaukee would contribute \$47 million towards the overall Project. The Project includes, in addition to the new arena structure, a parking structure that will be owned by the City of Milwaukee, a public open-air plaza adjacent to the arena, a retail and entertainment facility to be known as the Live Block located to the east of the arena and a covered plaza to be located adjacent to the Live Block. The Bucks will design and construct the Project in accordance with the terms described in this Term Sheet.

PARTIES:

Milwaukee Bucks LLC and Head of the Herd LLC, including their Affiliates (collectively "Bucks"); Redevelopment Authority of City of Milwaukee ("RACM") and City of Milwaukee ("City")

EXHIBITS TO TERM SHEET:

- Exhibit 1: Map identifying the various blocks by number
- Exhibit 2: Map of the proposed TID boundary
- Exhibit 3: Definitions
- Exhibit 4: List of Preconditions

CITY OBLIGATIONS:

City agrees to contribute cash, infrastructure and land to the Greater Arena Project and related properties as follows:

- A. \$35 million cash towards the construction of the Parking Structure in accordance with statutory requirements.
- B. \$12 million in cash towards the construction of the Plaza and other components of the Greater Arena Project which can be funded with tax-exempt bond proceeds in accordance with statutory requirements.
- C. If the actual costs for construction of the Bucks Arena, the Plaza and the Parking Structure are under \$500 million, it is understood that City will be reimbursed for its proportionate share based on and controlled by legislation passed by the State of Wisconsin.

- D. Conveyance of the 4th & Highland Parcel and City's Park East Parcel to Bucks.
- E. Public infrastructure improvements as follows (with all deadlines subject to revision based upon the outcome of a coordinated meeting between City, Bucks and Bucks' contractor about the scheduling of the construction of the Greater Arena Project and the Training Facility):
 - 1. Vacate N. 4th Street between W. Juneau Avenue and W. Highland Avenue and N. 5th Street and the public alleys in Block 1 and complete any utility work (water/sewer/comm/traffic) related to those vacations by the end of 2015.
 - 2. Rehab of sewer in Highland Avenue by the end of 2016 if deemed necessary by City's Dept. of Public Works.
 - 3. Resurface Juneau Avenue between 3rd and 6th Streets by the end of 2017.
 - 4. Resurface Highland Avenue between 3rd and 4th Streets and between 5th and 6th Streets by the end of 2017.
 - 5. Complete streetscaping on Juneau/Highland by the end of 2017.
 - 6. Rebuild 5th Street from Juneau to McKinley in coordination with the construction of the Parking Structure and from State to Highland if needed in coordination with the development of Blocks 2 and 3.
- F. Facilitate coordination between Bucks, Milwaukee County, the State of Wisconsin and MMSD to remove footings in the Park East Land and to relocate a sewer in the Park East Land to Juneau Avenue. The parties understand that the Wisconsin Department of Transportation will relocate the sewer located in the Park East Land. City will fully cooperate and coordinate with the State of Wisconsin and Milwaukee County to relocate the sewer and will pay for any city-related incremental costs arising from the upsizing of the state-owned sewer that is located on the Park East Land.

BUCKS OBLIGATIONS:

Bucks agree to do all of the following:

- A. Enter into PILOT agreements with City to be recorded on title of all parcels owned by Bucks within the TID boundary, except Block 1, the Live Block Plaza and vacated 4th Street.
- B. Accommodate and agree to a transportation, utility and public access easement for the benefit of City in vacated 4th Street. City agrees to coordinate with Bucks on design and construction of any facilities placed within the easement area in order to accommodate any safety and operational concerns of Bucks.
- C. Dedicate public right of way for N. 5th Street between Highland Avenue and State Street and from Juneau Avenue to McKinley Avenue.
- D. Complete construction of the Bucks Arena, the Plaza, the Live Block Plaza, the Parking Structure and the Live Block not later than 60 months following commencement of construction, subject to force majeure.
- E. Demolish the existing Bradley Center, at no cost to City, within 12 months following completion of construction of the Bucks Arena, subject to force majeure.
- F. Enter into a development agreement with City and RACM.
- G. Enter into a human resources agreement ("HRA") with City consistent with this Term Sheet.

BUCKS' COMMITMENT TO CITY PREREQUISITES:

Human Resources Requirements:

Bucks will take steps necessary to meet the following goals:

- A. On construction of the Bucks Arena, Plaza, Live Block Plaza and Parking Structure:
 1. 25% of construction (labor and supplies) completed by Small Business Enterprises ("SBE"), as defined in Sec. 370-1-17 of the Milwaukee Code of Ordinances (subject to standard exclusions available under City's SBE program).
 2. 18% of Architectural/Engineering professional services completed by SBE (subject to standard exclusions available under City's SBE program).
- B. On the construction of the Bucks Arena, Plaza, Live Block Plaza and Parking Structure 40% of the labor will be subject to the City's Resident Preference Program ("RPP") defined as follows:
 1. 10% are residents of Milwaukee County.
 2. 30% are any combination of the following categories:
 - a. Unemployed or underemployed City residents as defined in sec. 309-41-1-f of the Milwaukee Code of Ordinances.
 - b. Grandfathered unemployed or underemployed City residents who no longer meet the time requirements in sec. 309-41-1-f because of their work on other recent development projects in the City of Milwaukee.
 - c. City residents.
 3. For purposes of maximizing employment opportunities, targeting training programs and assessing compliance feasibility within specific components of the project subject to RPP, the HRA shall provide that City (through City's Department of City Development and Office of Small Business Development), Bucks and Bucks' project manager, in conjunction with the Milwaukee Area Workforce Investment Board in collaboration with the Milwaukee Building Trades and WRTP Big Step, shall develop a gap analysis of work force capabilities and capacities on a trade by trade basis. This analysis shall be performed both prior to commencement of construction and again following construction bidding.

Parking Structure

With regard to the Parking Structure, the following terms are agreed to by the Parties:

- A. Bucks shall obtain title to Block 7 from Milwaukee County and cause the Parking Structure, not including any of the ancillary development attached to the Parking Structure, to be conveyed as a separate tax key parcel to City (free of all financial encumbrances). Ancillary development attached to the Parking Structure includes development abutting the sides of the Parking Structure and/or on the roof. Any development on the roof will be coordinated and subject to discussions with City in relation to City's rights under paragraph F, below.
- B. City shall pay \$35 million for construction of a minimum of 1243 parking spaces.
- C. City has approval rights over the architect and design selected for the Parking Structure, which approval cannot be unreasonably withheld. The Parking Structure may be developed on a design/build basis.
- D. Bucks shall be guaranteed use of 1,243 parking spaces for events at the Bucks Arena (843 in the Parking Structure with City's option to provide up to 400 at another, mutually

agreeable location within a mutually agreeable distance from the New Arena Parcel). The offsite revenues from such relocated spaces shall be included as revenue from the Parking Structure.

- E. Bucks shall construct the Parking Structure subject to City's standard public works requirements as required by law.
- F. City has the option, at its expense, to increase the number of spaces above 1,243 at the time of construction or at anytime in the future.
- G. City's \$35 million shall not cover costs related to construction of any skywalk, but City agrees to allow a skywalk to be connected to the Parking Structure if Bucks can obtain necessary approvals for the skywalk.
- H. City and Bucks shall enter into a master lease that leases the Parking Structure to Bucks and obligates Bucks to be responsible for operation and maintenance of the Parking Structure. It is understood that a third party professional parking operator will likely be engaged to manage day to day operations of the Parking Structure. City and Bucks shall work together to establish rates at the Parking Structure for monthly/daily parking and parking during events at the Bucks Arena. Under the lease, City shall retain sole rights to arrange for leases, at market rates determined in accordance with the preceding sentence, for any parking spaces above the 1,243 (or 843) spaces reserved for events at the Bucks Arena. The location of such leased spaces shall be subject to Bucks' approval.
- I. When not being used for events at the Bucks Arena, the 1,243 parking spaces in the Parking Structure shall be made available for daily/monthly public parking.
- J. Bucks and City shall split all parking revenues from the Parking Structure on a 50/50 basis after costs of operation and maintenance, including capital repairs, of the Parking Structure are deducted.
- K. Bucks may sell naming rights or corporate sponsorship signage for the Parking Structure and retain all revenue associated with such naming or sponsorship. Any associated signage is subject to City's standard approval requirements, which shall not be unreasonably withheld.
- L. The Parking Structure needs to accommodate the Journal-Sentinel parking lease from 4th & Highland Parcel at market rates.

Developer-Backed TID

City will create a \$20 million tax increment district ("TID") with a boundary as shown on Exhibit 2.

- A. City will finance its \$12 million contribution to the Plaza through the TID.
- B. Bucks will finance \$8 million towards the TID by purchasing tax-exempt revenue bonds from RACM that represent Bucks' \$8 million developer contribution to the TID.
- C. Tax increments actually received by City through the TID shall be used to first repay City for its \$12 million contribution plus cost of borrowing.
- D. Upon City being fully repaid for its \$12 million contribution and borrowing costs, Bucks will be repaid its \$8 million contribution plus 4.5% compounded interest through tax increments actually received by City through the TID.
- E. City shall not enter into any other development agreements in the TID that make another developer superior to Bucks' repayment rights or extend the length of time of Bucks' repayment.
- F. The TID shall last no more than 25 years from its effective date.

Local Retailer Participation – Live Block

- A. Bucks intends to develop retail and entertainment on the Live Block.
- B. Bucks will include 25% of Milwaukee-based retailers as tenants in the Live Block, subject to the tenant availability and ability to pay prevailing market rent rates. Local providers may include Bucks, but portions of the Live Block where Bucks sublease to non-local franchises shall not be counted towards the 25%.

Surface Parking

- A. It is contemplated that Blocks 5 and 6 will be used for temporary surface parking while the Bucks Arena is being constructed as replacement for the current surface parking located on the western half of Block 1 for up to 24 months following completion of the construction staging for the Greater Arena Project and ancillary development on the Park East Land.
- B. City's and Bucks' interests are aligned in developing the Park East Land in an expedient and thoughtful manner.

PERMITTING & ZONING:

- A. City agrees to provide designated contact persons to handle permitting and zoning issues related to the construction of the Bucks Arena, Plaza, Parking Structure and Training Facility.
- B. Detailed Plan Development zoning shall be used for all development within the TID.
- C. Bucks shall be responsible for paying a maximum of \$1 million in costs for permit fees and on-site expedited applications, reviews, inspections and approvals for the Bucks Arena, Plaza, Parking Structure and the Training Facility.

CITY LAND CONTRIBUTIONS:

- A. City shall convey City's Park East Parcel to Bucks by quit claim deed within 30 days after Milwaukee County conveys the Park East Land to Head of the Herd, LLC.
- B. City shall convey the 4th & Highland Parcel to Bucks by quit claim deed.
- C. Both parcels shall be subject to a deed restriction that requires them to be subject to a PILOT agreement.
- D. Bucks shall demolish the parking structure at the 4th & Highland Parcel in accordance with the timeframe established in the construction contract for the Bucks Arena.
- E. Bucks shall exercise good faith efforts to complete construction of the Live Block by the time the Bucks Arena opens.
- F. The timing of paragraphs B, D and E shall be subject to revision based upon coordinated efforts between Bucks and City's Dept. of Public Works as the Greater Arena Project progresses. In addition, City will cooperate with Bucks in land conveyances to minimize income tax and transfer tax consequences.

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 among City, RACM and Bucks. Resolutions approving this Term Sheet shall provide for the execution of all additional project documents and instruments necessary to implement the Project.

1050-2014-2970:216380

Exhibit 1
Map identifying the various blocks by number

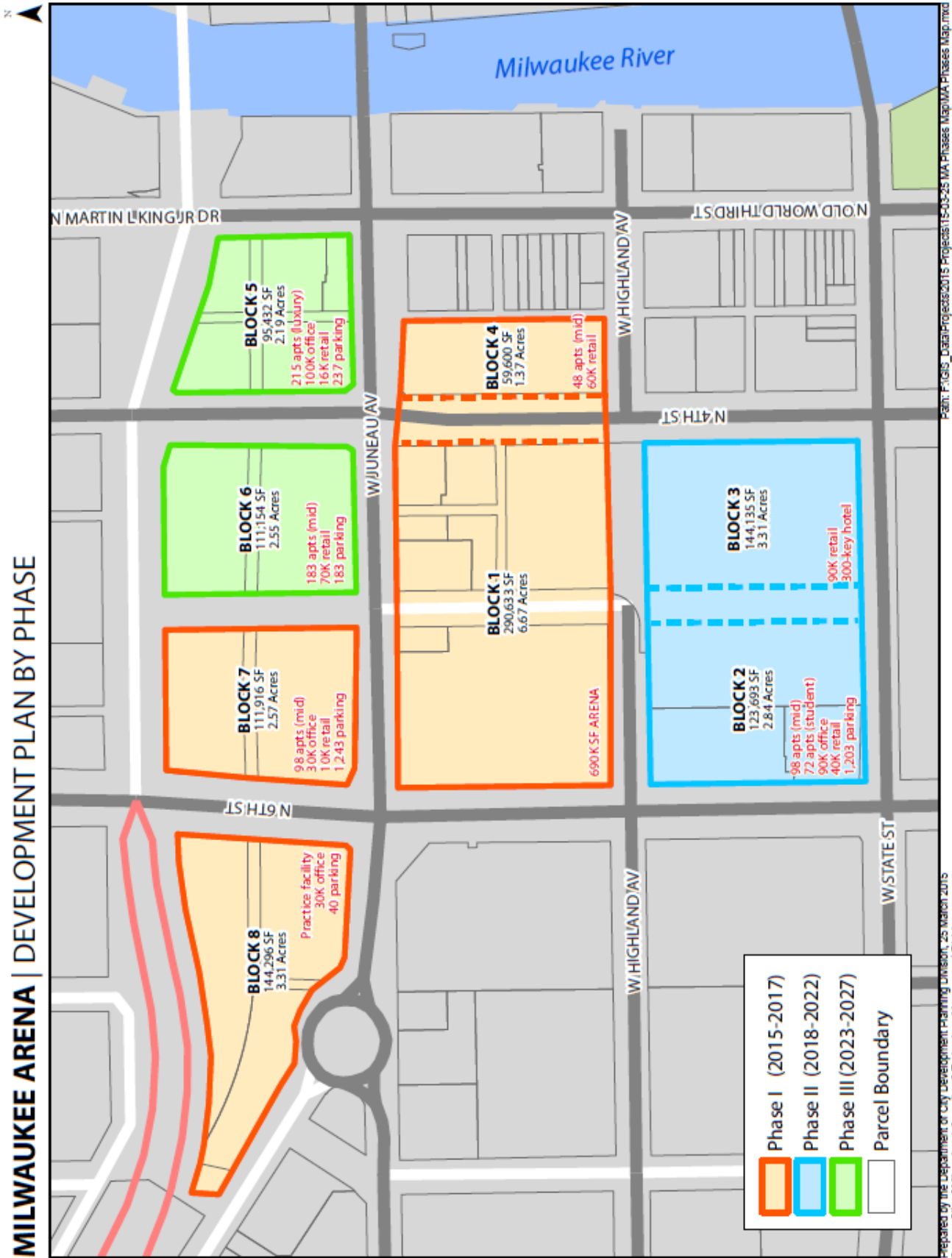
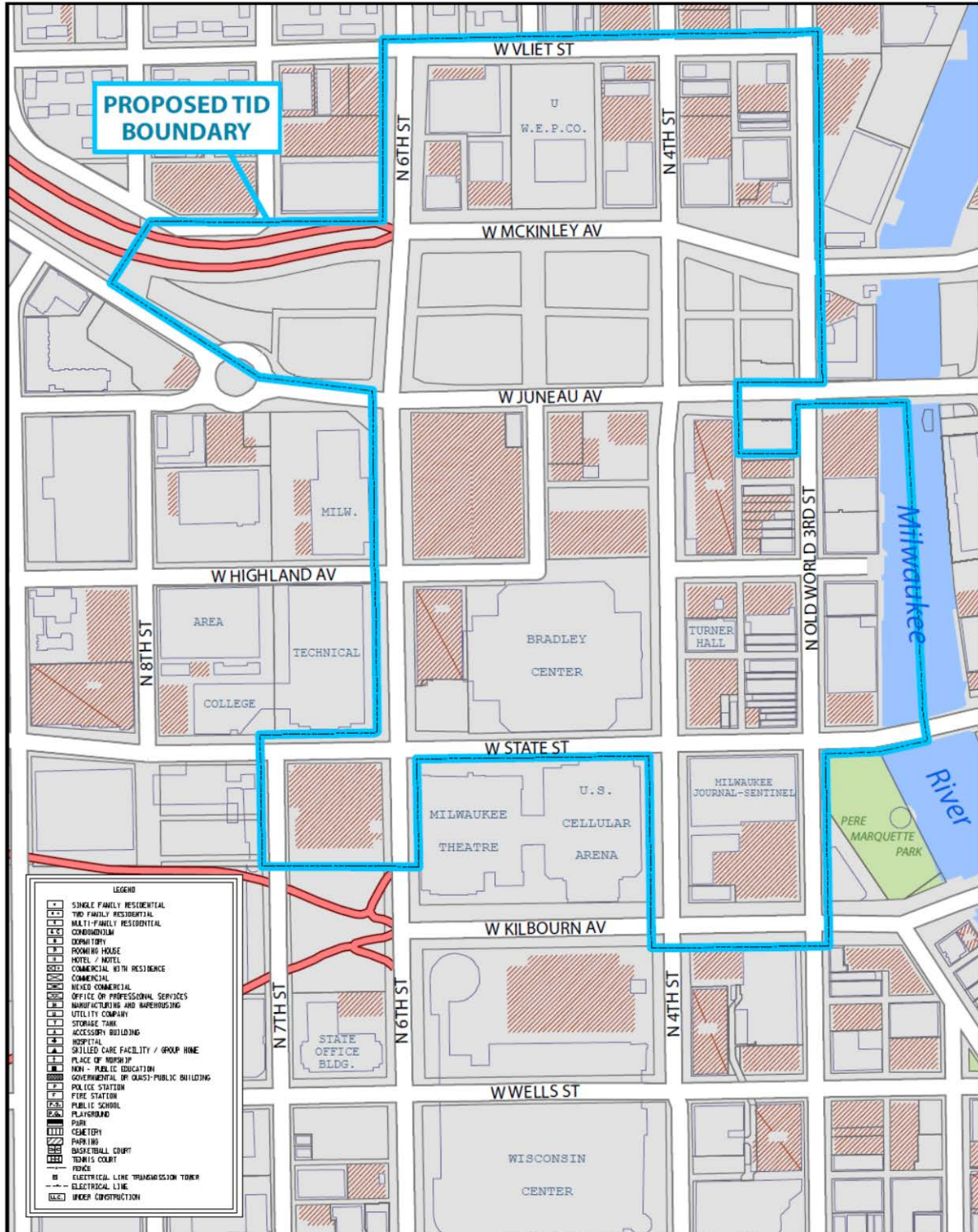
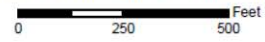


Exhibit 2 TID Boundary

ARENA TID

Prepared by the Department of City Development Planning Division, 26 May 2015
Source: City of Milwaukee Information & Technology Management Division

MAP 1: BOUNDARY AND EXISTING LAND USE



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

Exhibit 3

Definitions

4th & Highland Parcel means the City-owned parcel of land and parking structure located at 324 West Highland Avenue.

Affiliate means a person, persons or entities directly or indirectly under the same control, ownership or management as the Milwaukee Bucks LLC or Head of the Herd LLC or a person, persons or entities controlling or managing the Milwaukee Bucks LLC or Head of the Herd LLC.

Bradley Center Land means Blocks 2 and 3.

Bucks means Milwaukee Bucks LLC; Head of the Herd LLC; and any Affiliate(s).

Bucks Arena means the basketball arena to be constructed by Bucks on Block 1.

City's Park East Parcel means the City-owned 8,246 sq. ft. parcel of land located on the southeast corner of Block 5 at the intersection of N. 3rd Street and W. Juneau Avenue.

Greater Arena Project means the design and construction of the Bucks Arena and all related facilities including the Plaza, the Live Block, the Live Block Plaza and the Parking Structure.

Live Block means a retail and entertainment facility to be constructed by Bucks on a portion of Block 4 on a separate tax key parcel to be created by a certified survey map of the 4th & Highland Parcel.

Live Block Plaza means a covered pedestrian plaza area adjacent to the Live Block to be constructed by Bucks on a portion of Block 4 on a separate tax key parcel to be created by a certified survey map of the 4th & Highland Parcel.

New Arena Parcel means Block 1.

Park East Land means the County-owned land in Blocks 5, 6, 7 and 8.

Plaza means the open-air, public plaza just east of the proposed Bucks Arena located on vacated 4th Street and the easternmost portion of the New Arena Parcel.

Parking Structure means a new parking structure having a minimum of 1243 parking spaces to be constructed by Bucks on Block 7 and to be owned by City.

Training Facility means the team training facility to be constructed by Bucks on Block 8.

Exhibit 4

List of Preconditions for Project

- A. Passage of State legislation in a form that is satisfactory to the parties
- B. Formation of new WCD Board
- C. Transfer Agreement between Bradley Center and WCD and conveyance of Block 1 to WCD
- D. Negotiation and execution of master arena lease, management and operations agreement between Bucks and WCD approved by NBA
- E. Negotiation and execution of master development / construction oversight agreement between Bucks and WCD, approved by NBA
- F. Engagement of A/E and Contractor by Bucks on terms consistent with WCD and NBA requirements
- G. Park East Land optioned to Head of Herd LLC
- H. Detailed planned development zoning approval for Blocks 1 and 4
- I. WCD passes resolutions to issue necessary debt
- J. City approves TID and development agreement with Bucks

EXHIBIT 5
ECONOMIC FEASIBILITY STUDY

(see next page)

Economic Feasibility Report

**PROPOSED
WEST MCKINLEY AND WEST JUNEAU
INCREMENTAL DISTRICT
(TID No. 84)**

PREPARED FOR:

**CITY OF MILWAUKEE
AND THE REDEVELOPMENT AUTHORITY
OF THE CITY OF MILWAUKEE**

JUNE 2015



VISION | ECONOMICS | STRATEGY | FINANCE | IMPLEMENTATION

**Economic Feasibility Report
PROPOSED WEST MCKINLEY AND WEST JUNEAU
TAX INCREMENTAL DISTRICT
(TID No. 84)**

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S. B. FRIEDMAN & COMPANY
221 N. LaSalle St. Suite 820 Chicago, IL 60601
T: 312.424.4250 F: 312.424.4262 E: info@sbfriedman.com
www.sbfriedman.com

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 West McKinley and West Juneau Tax Increment District (the proposed “TID”), also known as TID No. 84. The creation of the TID is intended to support development of a new arena and an associated plaza (the “Arena Project”) for the Milwaukee Bucks National Basketball Association franchise (the “Bucks”) by financing the construction of a public plaza and infrastructure improvements adjacent to the Arena.

In addition to development of the Arena, Milwaukee Bucks, LLC, Head of the Herd, LLC and its affiliates (the “Developers”) propose new retail, residential, office and hotel development on adjacent parcels, as well as a practice facility for the Bucks and both structured and surface parking (the “Greater Arena Project”). Based on information provided by the City and the Developers, *SB Friedman* analyzed the potential for future incremental property tax revenues associated with the Greater Arena Project to amortize the expected TID expenditures.

TID Context and Background

The proposed West McKinley and West Juneau TID No. 84 is part of a larger public-private partnership that includes the State of Wisconsin, Milwaukee County and the Wisconsin Center District. The partnership is being created to support development of the Arena Project, associated public infrastructure, and to promote the redevelopment of surrounding properties.

The proposed TID is generally bound by North 6th Street on the west, West McKinley Avenue and West Vliet Street on the north, North Old World 3rd Street and the Milwaukee River on the east, and West State Street and West Kilbourne Avenue on the south, as illustrated in the map in **Appendix 1**. The proposed TID consists of 70 properties totaling 44.82 acres. All parcels associated with the Arena Project and the Greater Arena Project are located within the proposed TID boundary.

Project Description

The Developers are requesting TID assistance in support of the Arena Project and Greater Arena Project, detailed descriptions of which are presented below. A map identifying the Developer’s preliminary conceptual development program by phase and by block is presented in **Appendix 2**.

- **Arena Project.** The Arena Project includes an approximately 700,000 square-foot, 17,000-seat arena, a 130,000 square-foot outdoor public plaza and associated site improvements. The Arena Project will be developed on Blocks 1 and 4. The Developers expect to break ground in 2015 with completion of the Arena Project anticipated in 2017.
- **Greater Arena Project Phase 1.** As currently envisioned by the Developers, Phase 1 consists of a 1,243-space public parking structure to be owned by the City and a 50,000-square-foot practice facility for the Bucks, as well as a mix of destination retail, residential apartments, and both general and medical office uses. The full Phase 1 development program is presented in **Table 1**

below and would occur on Blocks 4, 7 and 8. Phase 1 is currently anticipated to break ground in 2015 with targeted completion in 2017.

Table 1: Phase 1 Development Program

Component	Units	Location
Structured Parking	1,243 parking spaces	Block 7
Bucks Practice Facility	50,000 square feet	Block 8
Medical Office	30,000 square feet	Block 8
Destination Retail	60,000 square feet	Block 4
Mid-Range Apartments	48 units	Block 8
Mid-Range Apartments	98 units	Block 7
Convenience Retail	10,000 square feet	Block 7
General Office	30,000 square feet	Block 7

Source: Head of the Herd, LLC

- Greater Arena Project Phase 2.** As currently envisioned by the Developers, Phase 2 consists of a 1,203-space parking structure, as well as a 300-key hotel, 130,000 square-feet of destination and convenience retail, 90,000 square-feet of general office, 98 mid-range apartments and 74 student housing units. Development would occur on the site of the existing Bradley Center (Blocks 2 and 3) and is currently anticipated to break ground in 2018 with completion estimated to occur in 2022. However, construction timing will be dependent on market conditions at the time of development.
- Greater Arena Project Phase 3.** The Developers are currently envisioning a mix of luxury and mid-range residential apartments, general office and retail uses on Blocks 5, 6 and 8 as Phase 3 of the Greater Arena Project. This conceptual phase would potentially break ground in 2023, with construction completion in 2027. However, construction timing will be dependent on market conditions at the time of development.

Study Approach

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

- Proposed development program and conceptual site plans and renderings, as provided by the Developers.
- Phasing and timing information for proposed construction provided in conversations with the Developers 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 Assessor's Office.
- Real property assessment data from the City Assessor's Office on existing properties within the proposed TID.
- Real property assessment data for comparable properties located elsewhere in Milwaukee to validate the potential assessed valuation of the proposed development.
- Market data for office, retail, residential, and hotel uses to evaluate overall phasing and timing information provided by the Developers.
- Potential bonding assumptions, as provided by the City, to be used in the calculations to preliminarily evaluate TID financing capacity.

2. Proposed TID Expenditures

Based on conversations with the City, incremental property tax revenues generated from the West McKinley and West Juneau TID are expected to fund a total of \$20.0 million in improvements, including \$12.0 million for a public plaza and \$8.0 million for other components of the Arena Project. Detailed descriptions and estimated costs for the TID expenditures are presented below.

- **\$12,000,000 for a Public Plaza and Associated Improvements.** Construction of an approximately 130,000-square-foot public plaza and associated improvements on a to-be-vacated portion of North 4th Street between West Juneau Avenue and West Highland Avenue.
- **\$8,000,000 for the Arena Project.** A developer-financed contribution to Arena Project development costs that will be repaid from TID revenues once the City has been repaid for its investment in the public plaza and associated improvements.

3. 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 \$20.0 million. The scope of this incremental revenue projection includes projected new TID revenues resulting from a modified Phase I of the Greater Arena Project, as described in more detail below, as well as inflationary increment from existing properties in the proposed TID. The development phasing, assessment, and bonding assumptions used to develop these projections and the results of the analysis are presented in this section. All bonding assumptions employed in the analysis were provided to *SB Friedman* by the City.

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. Many of the parcels associated with the Greater Arena Project are currently property tax-exempt, as they are owned by either Milwaukee County or the City. However, several of these properties are expected to become taxable upon conveyance to the Developers, with the exception of the Arena Project site and the City-owned parking structure. The base value of currently-exempt parcels is expected to remain \$0, as long as the TID is created by September 30, 2015.

However, if the TID is created between October 1, 2015 and September 30, 2016, the base value of the TID will be equal to the AV of the parcels as of January 1, 2016. If conveyance of currently tax-exempt parcels occurs before January 1, 2016, the 2016 AV of the parcels would likely be adjusted to equal the market value of the land, which is typically determined using recent comparable land sales, per typical practice by the Assessor's Office. The higher resulting base value under this scenario would likely reduce the amount of TID revenue generated by the Greater Arena Project.

Based on information provided by the City, creation of TID No. 84 is expected to occur before September 30; therefore, *SB Friedman's* analysis assumes a base value using 2015 AV.

There are 31 taxkeys within the proposed TID that are currently located within the Park East TID. It is *SB Friedman's* understanding that that the 2015 value of those parcels would be frozen for the purposes of any future Park East TID revenue calculation, and that the 2015 AV would be the base value of those parcels in the proposed TID.

According to the City Assessor's Office, the current 2015 assessed value of the West McKinley and West Juneau TID area is \$51.7 million, which is the assumed base value for the TID.

SOURCES OF TID REVENUE

Tax parcels associated with Arena Project and the Phase 1 City-owned parking garage are expected to remain property tax-exempt upon completion and therefore will not generate property tax increment. However, it is our understanding that the Developers will not seek property tax-exempt status for any parcels associated with the Greater Arena Project and that the site currently occupied by the Bradley Center will become taxable upon demolition. Incremental property tax revenues resulting from the increased value of Greater Arena Project parcels and inflationary growth on other parcels within the TID comprise the revenue stream for the TID.

Given the conceptual nature of Phases 2 and 3, *SB Friedman* analyzed only the ability of a modified version of Phase 1 development program to amortize the expected TID expenditures. While the Developers' Phase 1 program (presented in Chapter 1) includes two residential rental projects, only the proposed 98-unit residential rental property has been included in the projections. An additional proposed eight-story 48-unit residential rental project has been excluded to limit the overlap of product types in the Phase I development. Blocks 2 and 3, which are currently occupied by the Bradley Center, are assumed to become taxable as vacant land upon demolition, and will therefore generate future increment. Detailed information regarding valuation of the Phase 1 development components is presented below.

VALUATION ASSUMPTIONS

SB Friedman reviewed the character, size and targeted tenancy, when appropriate, of each component of the proposed Greater Arena Project based on information provided by and a subsequent conversation with the Developers. *SB Friedman* and its sub-consultant American Design, Inc. researched comparable properties for the Bucks practice facility, general office, medical office, destination and convenience retail, residential, and vacant land components of Greater Arena Project, and interviewed the City Assessor's Office to project the expected assessed valuation (AV) of each development component. The valuation assumptions for the modified Phase 1 development program, as currently proposed, include the following:

- **Practice Facility.** Based on conversations with the Assessor's Office, the practice facility is likely to be assessed based on a combination of the cost approach to value and a review of national comparables. *SB Friedman* researched NBA practice facilities across the country to estimate the market value of the completed facility. The market value per square foot metric was employed rather than assessed value per square foot due to variations in assessment practices across municipalities. While market value is equal to assessed value in Wisconsin, assessed value in many states is a percentage of market value. *SB Friedman* estimates that the market value of the Bucks facility will be approximately \$210 per square foot, similar to the recently-renovated Portland Trailblazers practice facility in Tualatin, Oregon, which includes a similar development program focused on team operations. The practice facility is therefore estimated to have a stabilized assessed value of \$10.5 million (2015 dollars). The resulting ratio of market value to development costs, which are estimated to be \$23.0 million, is similar to that seen for new construction practice facilities in other cities.
- **Medical Office.** Relatively few taxable medical office facilities have been developed in or near downtown Milwaukee in recent years. The Assessor's Office indicated that a medical office building within the proposed TID is unlikely to be assessed at a substantial premium over

medical office buildings located elsewhere in the City or the suburbs. Therefore, the Lakeshore 20th Street Medical Building on the south side of the City, Columbia St. Mary's River Woods Campus in Glendale, and Aurora Health Center in West Allis were identified as the most comparable properties for assessment purposes. Based on these comparables, *SB Friedman* estimates the medical office development will be assessed at \$170 per square foot, resulting in an estimated total assessed value at stabilization of \$5.1 million (2015 dollars).

- **Destination Retail.** *SB Friedman* reviewed comparable properties within the Water Street and Old World 3rd Street entertainment districts to arrive at an average of \$130 per square foot of assessed value for destination retail uses. This results in an estimated stabilized total assessed value of \$7.8 million (2015 dollars) for the proposed destination retail uses in the development program.
- **Convenience Retail.** Based on a review of other convenience-oriented retail spaces downtown, *SB Friedman* estimates that the 10,000 square feet of first-floor retail space within the development program would be valued at approximately \$90 per square foot. This average, based on comparable space within the Cathedral Place and 1000 N. Water developments, results in total stabilized assessed value of approximately \$900,000 (2015 dollars).
- **Residential Apartments.** Information provided by the Developers indicates that the Phase 1 residential apartments will target a "mid-range" price point, rather than a "luxury" price point, as considered in Phase 3. These units are not expected to have condominium-quality finishes. Comparable downtown residential properties, including the Moderne, Park Lafayette, and Yankee Hill, are currently assessed at a range of values, with the Moderne and Park Lafayette having higher values and higher-quality finishes. *SB Friedman* therefore estimates that the proposed apartments will be assessed at approximately \$119,000 per unit, comparable to the current assessment of the Yankee Hill apartments. This results in an estimated total stabilized assessed value of \$11.7 million (2015 dollars).
- **General Office.** *SB Friedman* estimates that the general office components of the development program would be most comparable in assessed value to the Pabst Professional Center, which opened in 2014 a few blocks west of the Project site. This per square foot of assessed value is also within range of new and rehabilitated small scale office in the Third and Fifth Wards. *SB Friedman* estimates the general office components will be assessed at approximately \$100 per square foot, resulting in \$3.0 million in stabilized assessed value (2015 dollars).
- **Vacant Land.** Based on a review of recent land sales within the Park East corridor, including sites along North Milwaukee Street and North Water Street, *SB Friedman* estimates that the vacant land associated with the demolished Bradley Center would be assessed at approximately \$20 per square foot, resulting in a total assessed value of \$5.3 million (2015 dollars).

Based on these assumptions, the total stabilized assessed valuation of the modified Phase 1 of the Greater Arena Project (excluding the 48-unit residential building) is estimated to be approximately \$44.2 million (2015 dollars).

PHASING AND TIMING OF ASSESSMENTS

According to information provided by the Developers, Phase 1 of the Greater Arena Project is expected to be completed in 2017, but no detailed construction schedule has been provided. *SB Friedman* therefore assumes that only minimal changes in value would occur in 2016, following limited site preparation or construction activity in the fall of 2015; no increase in assessed value for development blocks has been estimated to occur in 2016. In 2017, each development component is assumed to be partially assessed at a rate of 50% of stabilized equalized assessed value to account for construction. Following construction, annual additions of assessed value are assumed to be assessed proportionately with the lease-up of units and space until stabilization occurs for each component. It is assumed that the practice facility will reach stabilized assessed value in 2018. Office and residential components are assumed to reach stabilized assessed value in 2019, with retail achieving stabilized assessed value in 2020.

OTHER TID ASSUMPTIONS

- **Tax Rate.** *SB Friedman's* 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 -1.00% (20-year history). The tax rate has generally trended upward over the past five years due to the decline and stagnation of property values in the aftermath of the Great Recession. For the purposes of this analysis, *SB Friedman* assumed that the tax rate applicable to 2016 assessed values will equal the 2015 tax rate of 2.997% (\$29.97 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

Based on the absorption, timing, phasing and other TID assumptions described above, approximately \$45.6 million in undiscounted TID revenues are projected over the life of the TID. Incremental revenues over the 27-year statutory life of the proposed TID are presented in **Appendix 4**.

Projected Amortization of TID Debt

SB Friedman evaluated the time frame over which bonds issued to fund the proposed \$20.0 million in TID public improvements and other project-related costs described in Chapter 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 \$12.0 million in TID expenditures associated with the Public Plaza would be funded with bonds issued by the City or RACM with TID No. 84 revenues (pledged or otherwise allocated on a senior basis) anticipated to be the primary or sole repayment source (“City Bonds”). The \$12.0 million in City Bonds are assumed to be issued in 2015. The remaining \$8.0 million in TID expenditures would repay the Developers for financing \$8.0 million in Arena Project-related costs. The Developers are expected to purchase \$8.0 million in tax-exempt TID revenue bonds from RACM (“Developer Bonds”) in 2015, and would be repaid with 4.5% compounded interest using West McKinley and West Juneau TID increment. The Developer Bonds would be fully subordinate to the City Bonds, and would only be repaid once the City has received sufficient TID increment to fully amortize the City Bonds.

SB Friedman analyzed the projected TID revenues and the projected timeframe required to amortize the full \$20.0 million in TID costs plus associated capitalized interest and bond issuance costs.

AMORTIZATION METHODOLOGY

Key assumptions used in projecting the amortization of TID expenditures are outlined below. These assumptions were provided to *SB Friedman* by the City and are only generally illustrative of one approach the City may select for issuance of the City Bonds, and do not constitute a specific bond structure nor a recommendation thereof.

City Bonds

- **Bond Interest Rates.** *SB Friedman* modeled an interest rate of 4.75% for the City Bonds, reflective of the City’s approximate cost of funds recently used for TID feasibility analysis as reported by the City.
- **Term, Target Debt Service and Carry Costs.** Based on the typical methodology used by the City to analyze the potential amortization of TID expenditures, *SB Friedman* modeled two years of capitalized interest, followed by 15 years of level principal and interest payments. 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 TID Annual Debt Service Target Payment is compared to the available Projected Incremental Property Taxes. 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.** Based on conversations with the City, *SB Friedman* modeled an issuance cost of 1.0% of the total bond principal amount. Issuance is assumed to occur in 2015.

Developer Bonds

- **Repayment.** Based on the TID repayment structure provided by the City, the Developers will be repaid their \$8.0 million contribution plus capitalized interest once the \$12.0 million in City Bonds (including borrowing costs) has been repaid. Repayment will occur through property tax increment received by City through the TID. Following repayment of the City Bonds, any cumulative increment available in the TID fund balance would be used to repay the Developer Bonds, and then the full amount of increment generated each year would be used to repay the Developer Bonds, through the retirement of the bonds or expiration of the TID.
- **Bond Interest Rates.** Based on the TID repayment structure provided by the City, 4.5% annual compounded interest will accrue on the Developer Bonds, beginning in 2016.
- **Issuance.** Based on the TID repayment structure provided by the City, no issuance costs will be associated with the Developer Bonds. Issuance is assumed to occur in 2015.

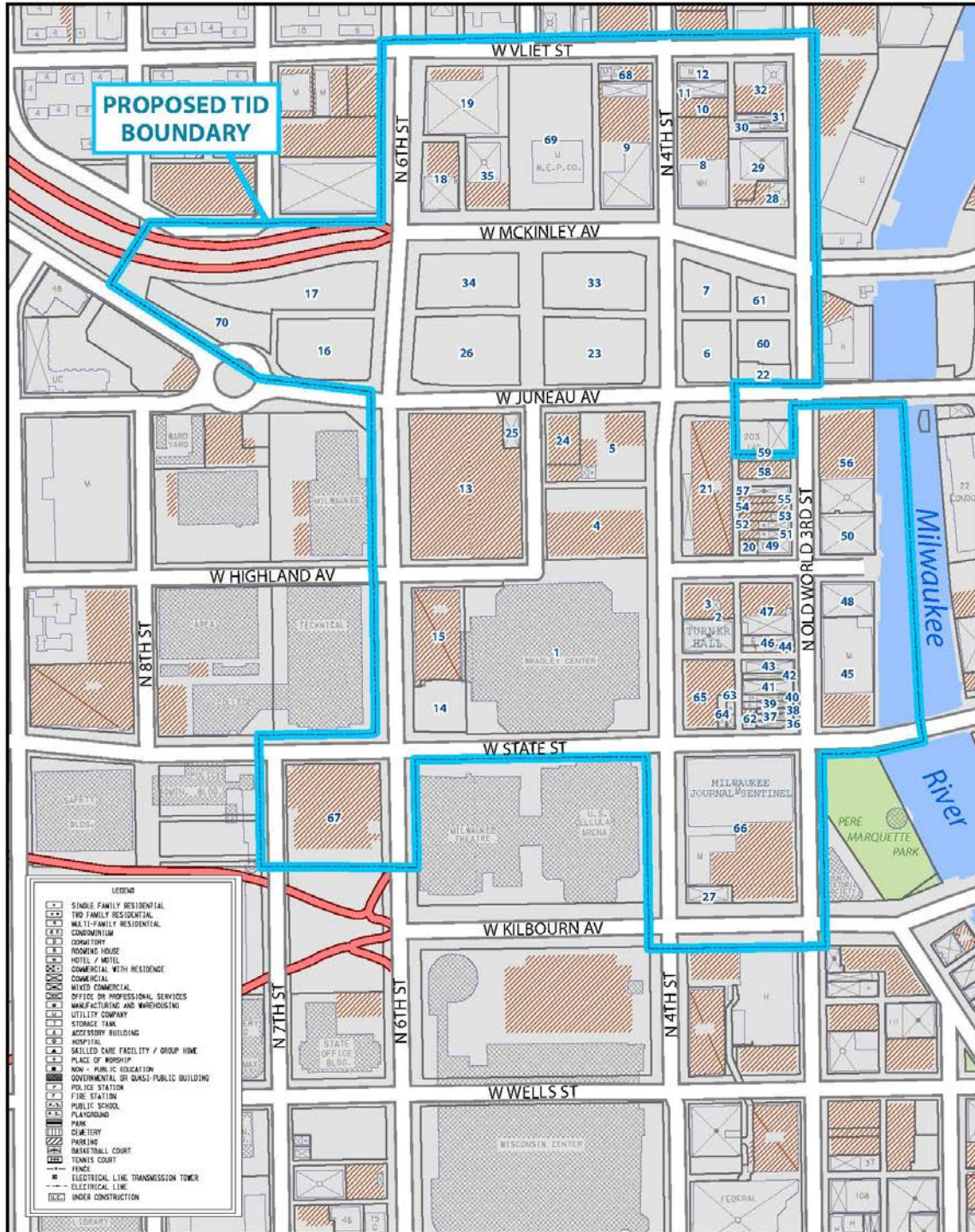
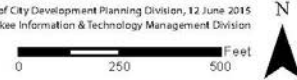
PROJECTED AMORTIZATION

Based on the TID projections for the modified Phase 1 of the Greater Arena Project and the amortization assumptions outlined above, *SB Friedman* projects full amortization of the \$12.0 in City Bonds in Year 17 of the TID or tax year 2032. Through prepayment, if allowed under the City Bonds structure, the City Bonds could potentially be amortized in Year 15 of the TID, or tax year 2030, though a prepayment penalty may apply. Following repayment of the City Bonds, *SB Friedman* projects the \$8.0 million in Developer Bonds plus capitalized interest could be repaid by Year 25 of the TID or tax year 2040. Developer bonds could be prepaid without penalty at any time. These calculations are illustrated in **Appendix 5**.

Appendix 1: West McKinley and West Juneau TID Boundary

TID 84: WEST MCKINLEY AND WEST JUNEAU MAP 1: BOUNDARY AND EXISTING LAND USE

Prepared by the Department of City Development Planning Division, 12 June 2015
Source: City of Milwaukee Information & Technology Management Division

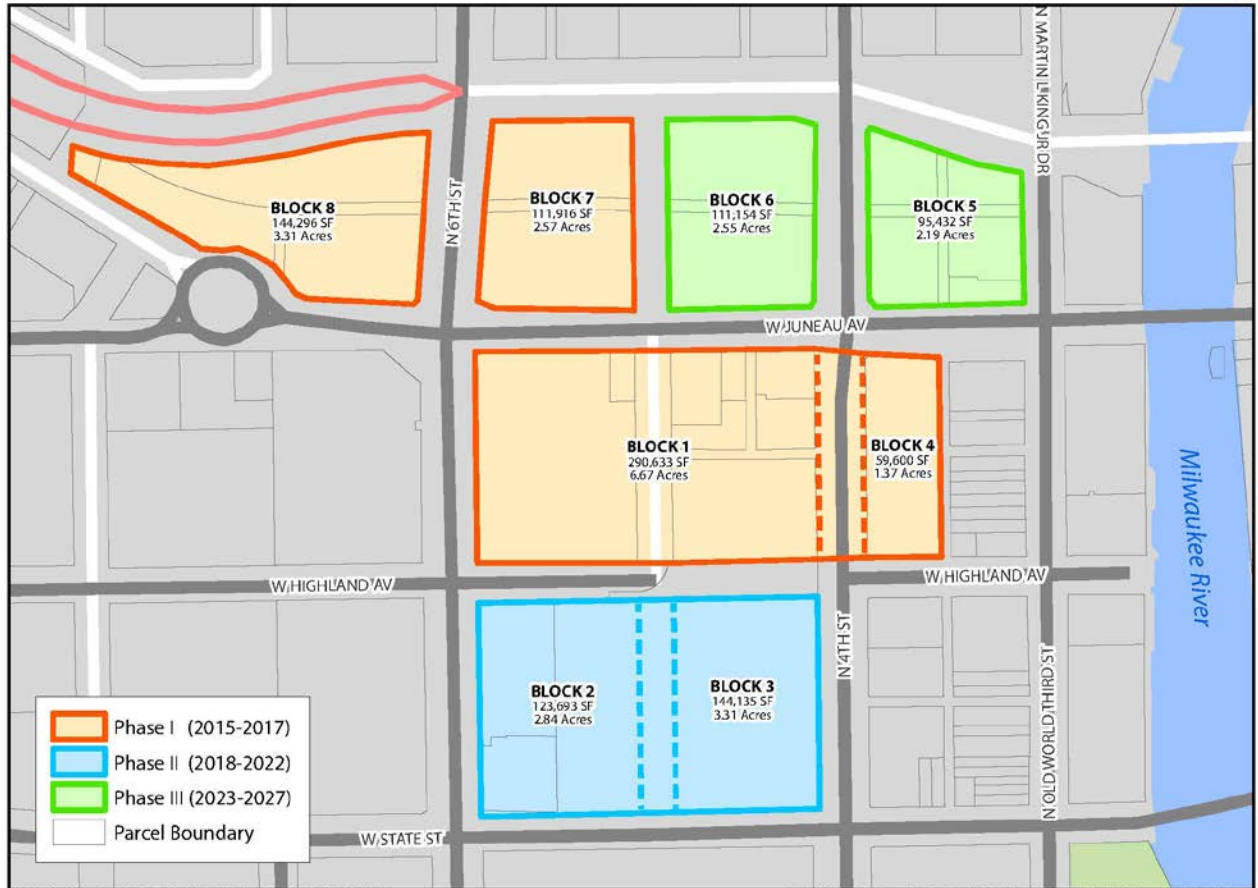


Path: F:\GIS_Data\Projects\2015 Projects\15-05-26 Arena TID Maps\Map 1 - Boundary & Existing Land Use (Arena).mxd

Source: City of Milwaukee

Appendix 2: Map of Phased Development

MILWAUKEE ARENA | DEVELOPMENT PLAN BY PHASE



Prepared by the Department of City Development Planning Division, 25 March 2015
 Source: City of Milwaukee Information & Technology Management Division

Path: F:\GIS_Data\Projects\2015 Projects\15-03-25 MA\Phases Map\MA Phases Map (rev 6-15).mxd

Source: City of Milwaukee

Appendix 3: TID Assumptions

Table 1: Bonding [1]

Interest Rate on City Bonds	4.75%
Interest Rate on Developer Bonds	4.5%
Cost of Funds (Local Government Investment Pool)	4.0%
Issuance Costs @	1.0%
Capitalized Interest Allowance @	10.0%
Assumed Level Principal and Interest Payments	15

[1] All bonding assumptions provided by the City

Table 2: Rates

General Inflation	1%
2015 Net Property Tax Rate [1]	2.997%
Tax Rate: Compound Rate of Change [2]	0%
Tax Collection Rate [3]	100%

[1] Milwaukee City 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

Public Plaza and Associated Improvements	\$12,000,000
Arena Project-Related Costs	\$8,000,000

Source: City of Milwaukee

Table 4: General Arena Project – Phase 1 [1] Projected Total Assessed Value (AV)

Development Program	Units	AV per Unit	Total Est. AV	Source
Vacant Land (Former Bradley Center Site)	264,000 sf	\$20 psf	\$5,280,000	Downtown Comparables, 2015 AV
Practice Facility	50,000 sf	\$210 psf	\$10,500,000	National Comparables, 2015 AV
Medical Office	30,000 sf	\$170 psf	\$5,100,000	Regional Comparables, 2015 AV
Destination Retail	60,000 sf	\$130 psf	\$7,800,000	Downtown Comparables, 2015 AV
Mid-Range Apartments	98 units	\$119,000/unit	\$11,662,000	Downtown Comparables, 2015 AV
Convenience Retail	10,000 sf	\$90 psf	\$900,000	Downtown Comparables, 2015 AV
General Office	30,000 sf	\$100 psf	\$3,000,000	Downtown Comparables, 2015 AV
TOTAL			\$44,242,000	

[1] Less 48-unit residential project

Source: *SB Friedman*, Head of the Herd, LLC, American Design, Milwaukee City Assessor

Table 5: Assessed Value Additions by Year [1]

	Vacant Land	Practice Facility	Medical Office	Destination Retail	Mid-Range Apartments	Convenience Retail	General Office	Total
2017	\$5,280,000	\$10,500,000	\$2,550,000	\$3,900,000	\$5,831,000	\$450,000	\$1,500,000	\$30,011,000
2018			\$2,040,000	\$3,120,000	\$4,664,800	\$270,000	\$1,200,000	\$11,294,800
2019			\$510,000	\$390,000	\$1,166,200	\$135,000	\$300,000	\$2,501,200
2020				\$390,000		\$45,000		\$435,000
TOTAL	\$5,280,000	\$10,500,000	\$5,100,000	\$7,800,000	\$11,662,000	\$900,000	\$3,000,000	\$44,242,000

[1] All values are in 2015 dollars

Source: *SB Friedman*

Appendix 4: TID Projections

Table 1: TID Projections

TID Year	Assmt Year	Inflation Factor	TID Actual/Projected Valuation				Incremental Value	Property Tax Rate	Gross TID Revenue	Net TID Revenue	
			Frozen Base Value	Removal of Existing AV	New AV (Inflated)	Total TID Value					
Base	2015	1.00	\$ 51,654,900	\$ -	\$ -	\$ 51,654,900	\$ -	2.997%	\$ -	\$ -	
1	2016	1.01	\$ 51,654,900	\$ -	\$ -	\$ 52,171,449	\$ 516,549	2.997%	\$ -	\$ -	
2	2017	1.02	\$ 51,654,900	\$ (221,362)	\$ 30,614,221	\$ 83,086,023	\$ 31,431,123	2.997%	\$ 15,481	\$ 15,481	
3	2018	1.03	\$ 51,654,900	\$ -	\$ 11,637,044	\$ 95,553,927	\$ 43,899,027	2.997%	\$ 941,991	\$ 941,991	
4	2019	1.04	\$ 51,654,900	\$ -	\$ 2,602,759	\$ 99,112,225	\$ 47,457,325	2.997%	\$ 1,315,654	\$ 1,315,654	
5	2020	1.05	\$ 51,654,900	\$ -	\$ 457,189	\$ 100,560,536	\$ 48,905,636	2.997%	\$ 1,422,296	\$ 1,422,296	
6	2021	1.06	\$ 51,654,900	\$ -	\$ -	\$ 101,566,142	\$ 49,911,242	2.997%	\$ 1,465,702	\$ 1,465,702	
7	2022	1.07	\$ 51,654,900	\$ -	\$ -	\$ 102,581,803	\$ 50,926,903	2.997%	\$ 1,495,840	\$ 1,495,840	
8	2023	1.08	\$ 51,654,900	\$ -	\$ -	\$ 103,607,621	\$ 51,952,721	2.997%	\$ 1,526,279	\$ 1,526,279	
9	2024	1.09	\$ 51,654,900	\$ -	\$ -	\$ 104,643,698	\$ 52,988,798	2.997%	\$ 1,557,023	\$ 1,557,023	
10	2025	1.10	\$ 51,654,900	\$ -	\$ -	\$ 105,690,134	\$ 54,035,234	2.997%	\$ 1,588,074	\$ 1,588,074	
11	2026	1.12	\$ 51,654,900	\$ -	\$ -	\$ 106,747,036	\$ 55,092,136	2.997%	\$ 1,619,436	\$ 1,619,436	
12	2027	1.13	\$ 51,654,900	\$ -	\$ -	\$ 107,814,506	\$ 56,159,606	2.997%	\$ 1,651,111	\$ 1,651,111	
13	2028	1.14	\$ 51,654,900	\$ -	\$ -	\$ 108,892,651	\$ 57,237,751	2.997%	\$ 1,683,103	\$ 1,683,103	
14	2029	1.15	\$ 51,654,900	\$ -	\$ -	\$ 109,981,578	\$ 58,326,678	2.997%	\$ 1,715,415	\$ 1,715,415	
15	2030	1.16	\$ 51,654,900	\$ -	\$ -	\$ 111,081,394	\$ 59,426,494	2.997%	\$ 1,748,051	\$ 1,748,051	
16	2031	1.17	\$ 51,654,900	\$ -	\$ -	\$ 112,192,207	\$ 60,537,307	2.997%	\$ 1,781,012	\$ 1,781,012	
17	2032	1.18	\$ 51,654,900	\$ -	\$ -	\$ 113,314,130	\$ 61,659,230	2.997%	\$ 1,814,303	\$ 1,814,303	
18	2033	1.20	\$ 51,654,900	\$ -	\$ -	\$ 114,447,271	\$ 62,792,371	2.997%	\$ 1,847,927	\$ 1,847,927	
19	2034	1.21	\$ 51,654,900	\$ -	\$ -	\$ 115,591,744	\$ 63,936,844	2.997%	\$ 1,881,887	\$ 1,881,887	
20	2035	1.22	\$ 51,654,900	\$ -	\$ -	\$ 116,747,661	\$ 65,092,761	2.997%	\$ 1,916,187	\$ 1,916,187	
21	2036	1.23	\$ 51,654,900	\$ -	\$ -	\$ 117,915,138	\$ 66,260,238	2.997%	\$ 1,950,830	\$ 1,950,830	
22	2037	1.24	\$ 51,654,900	\$ -	\$ -	\$ 119,094,289	\$ 67,439,389	2.997%	\$ 1,985,819	\$ 1,985,819	
23	2038	1.26	\$ 51,654,900	\$ -	\$ -	\$ 120,285,232	\$ 68,630,332	2.997%	\$ 2,021,158	\$ 2,021,158	
24	2039	1.27	\$ 51,654,900	\$ -	\$ -	\$ 121,488,084	\$ 69,833,184	2.997%	\$ 2,056,851	\$ 2,056,851	
25	2040	1.28	\$ 51,654,900	\$ -	\$ -	\$ 122,702,965	\$ 71,048,065	2.997%	\$ 2,092,901	\$ 2,092,901	
26	2041	1.30	\$ 51,654,900	\$ -	\$ -	\$ 123,929,995	\$ 72,275,095	2.997%	\$ 2,129,311	\$ 2,129,311	
27	2042	1.31	\$ 51,654,900	\$ -	\$ -	\$ 125,169,295	\$ 73,514,395	2.997%	\$ 2,166,085	\$ 2,166,085	
--	2043	--	Collections for TID year 27							\$ 2,203,226	\$ 2,203,226
Total Proceeds (Not Discounted)										\$ 45,592,954	

Source: SB Friedman

Appendix 5: Amortization

Table 1: Funding Structure

Bond Issuances	Bond Year	Bond Amount	Issuance Costs	Capitalized Interest	Total Issuance	Yrs of TID Before Pmt
City Bonds - Public Plaza & Improvements	2015	\$12,000,000	\$120,000	\$1,346,667	\$13,466,667	2
Developer Bonds - Arena Project Costs	2015	\$8,000,000	N/A	N/A	\$8,000,000	N/A

[1] Bonding assumptions and amount provided by City

Table 2: Amortization

TID Year	Calendar Year	Projected Incremental Property Taxes	Debt Service City Bonds - Public Plaza & Improvements			Debt Service Developer Bonds - Arena Project Costs				TID Payoff Analysis				
			City Bonds Issued	TID Annual Debt Service Target Payments	Principal Balance	Developer Bonds Issued	Interest Accrual	Payment	Principal Balance	Annual Surplus / (Shortfall)	Cumulative Fund Balance	Interest Earnings / (Carry Cost) on Fund Balance	TID Could Repay Outstanding Balance on City Bonds	TID Could Repay Outstanding Total Balance
0	2015	\$ -	\$13,466,667	\$ -	\$ 13,466,667	\$ 8,000,000	\$ -	\$ -	\$ 8,000,000	\$ -	\$ -	\$ -		
1	2016	\$ -	\$ -	\$ -	\$ 13,466,667	\$ -	\$ 360,000	\$ -	\$ 8,360,000	\$ -	\$ -	\$ -	NO	NO
2	2017	\$ 15,481	\$ -	\$ -	\$ 13,466,667	\$ -	\$ 376,200	\$ -	\$ 8,736,200	\$ 15,481	\$ 15,481	\$ 619	NO	NO
3	2018	\$ 941,991	\$ -	\$ 1,275,578	\$ 12,830,755	\$ -	\$ 393,129	\$ -	\$ 9,129,329	\$ (333,587)	\$ (317,487)	\$ (12,699)	NO	NO
4	2019	\$ 1,315,654	\$ -	\$ 1,275,578	\$ 12,164,638	\$ -	\$ 410,820	\$ -	\$ 9,540,149	\$ 40,076	\$ (290,111)	\$ (11,604)	NO	NO
5	2020	\$ 1,422,296	\$ -	\$ 1,275,578	\$ 11,466,881	\$ -	\$ 429,307	\$ -	\$ 9,969,456	\$ 146,718	\$ (154,997)	\$ (6,200)	NO	NO
6	2021	\$ 1,465,702	\$ -	\$ 1,275,578	\$ 10,735,980	\$ -	\$ 448,625	\$ -	\$ 10,418,081	\$ 190,124	\$ 28,927	\$ 1,157	NO	NO
7	2022	\$ 1,495,840	\$ -	\$ 1,275,578	\$ 9,970,361	\$ -	\$ 468,814	\$ -	\$ 10,886,895	\$ 220,262	\$ 250,346	\$ 10,014	NO	NO
8	2023	\$ 1,526,279	\$ -	\$ 1,275,578	\$ 9,168,375	\$ -	\$ 489,910	\$ -	\$ 11,376,805	\$ 250,701	\$ 511,061	\$ 20,442	NO	NO
9	2024	\$ 1,557,023	\$ -	\$ 1,275,578	\$ 8,328,295	\$ -	\$ 511,956	\$ -	\$ 11,888,761	\$ 281,445	\$ 812,949	\$ 32,518	NO	NO
10	2025	\$ 1,588,074	\$ -	\$ 1,275,578	\$ 7,448,311	\$ -	\$ 534,994	\$ -	\$ 12,423,755	\$ 312,496	\$ 1,157,963	\$ 46,319	NO	NO
11	2026	\$ 1,619,436	\$ -	\$ 1,275,578	\$ 6,526,528	\$ -	\$ 559,069	\$ -	\$ 12,982,824	\$ 343,858	\$ 1,548,140	\$ 61,926	NO	NO
12	2027	\$ 1,651,111	\$ -	\$ 1,275,578	\$ 5,560,960	\$ -	\$ 584,227	\$ -	\$ 13,567,051	\$ 375,533	\$ 1,985,599	\$ 79,424	NO	NO
13	2028	\$ 1,683,103	\$ -	\$ 1,275,578	\$ 4,549,527	\$ -	\$ 610,517	\$ -	\$ 14,177,569	\$ 407,525	\$ 2,472,548	\$ 98,902	NO	NO
14	2029	\$ 1,715,415	\$ -	\$ 1,275,578	\$ 3,490,052	\$ -	\$ 637,991	\$ -	\$ 14,815,559	\$ 439,837	\$ 3,011,288	\$ 120,452	NO	NO
15	2030	\$ 1,748,051	\$ -	\$ 1,275,578	\$ 2,380,252	\$ -	\$ 666,700	\$ -	\$ 15,482,260	\$ 472,473	\$ 3,604,212	\$ 144,168	YES	NO
16	2031	\$ 1,781,012	\$ -	\$ 1,275,578	\$ 1,217,736	\$ -	\$ 696,702	\$ -	\$ 16,178,961	\$ 505,434	\$ 4,253,814	\$ 170,153	YES	NO
17	2032	\$ 1,814,303	\$ -	\$ 1,275,578	\$ 0	\$ -	\$ 728,053	\$ -	\$ 16,907,014	\$ 538,725	\$ 4,962,692	\$ 198,508		NO
18	2033	\$ 1,847,927	\$ -	\$ -	\$ 0	\$ -	\$ 760,816	\$ 7,009,127	\$ 10,658,703	\$ -	\$ -	\$ -		NO
19	2034	\$ 1,881,887	\$ -	\$ -	\$ 0	\$ -	\$ 479,642	\$ 1,881,887	\$ 9,256,458	\$ -	\$ -	\$ -		NO
20	2035	\$ 1,916,187	\$ -	\$ -	\$ 0	\$ -	\$ 416,541	\$ 1,916,187	\$ 7,756,811	\$ -	\$ -	\$ -		NO
21	2036	\$ 1,950,830	\$ -	\$ -	\$ 0	\$ -	\$ 349,056	\$ 1,950,830	\$ 6,155,037	\$ -	\$ -	\$ -		NO
22	2037	\$ 1,985,819	\$ -	\$ -	\$ 0	\$ -	\$ 276,977	\$ 1,985,819	\$ 4,446,195	\$ -	\$ -	\$ -		NO
23	2038	\$ 2,021,158	\$ -	\$ -	\$ 0	\$ -	\$ 200,079	\$ 2,021,158	\$ 2,625,115	\$ -	\$ -	\$ -		NO
24	2039	\$ 2,056,851	\$ -	\$ -	\$ 0	\$ -	\$ 118,130	\$ 2,056,851	\$ 686,394	\$ -	\$ -	\$ -		NO
25	2040	\$ 2,092,901	\$ -	\$ -	\$ 0	\$ -	\$ 30,888	\$ 717,282	\$ -	\$ 1,375,619	\$ 1,375,619	\$ 55,025		YES
26	2041	\$ 2,129,311	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 2,129,311	\$ 3,559,954	\$ 142,398		YES
27	2042	\$ 2,166,085	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 2,166,085	\$ 5,868,437	\$ 234,737		YES
28	2043	\$ 2,203,226	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 2,203,226	\$ 8,306,400	\$ 332,256		YES
TOTALS		\$ 45,592,954	\$ 13,466,667	\$ 19,133,669	\$ 146,238,649	\$ 8,000,000	\$ 11,539,142	\$ 19,539,142	\$ 256,425,383	\$ 12,081,343	\$ 8,306,400	\$ 1,718,513		

Source: SB Friedman

Appendix 6: 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 with the City and Developers during which we obtained certain information. The sources of information and bases of the estimates and assumptions are stated in the report. Assumptions regarding the potential bonding structure and amortization methodology were provided by the City. 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 described in our report, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise analyses or 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 TID statute, additional competitive developments, interest rates and other market factors. However, we will be 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 the client's information for purposes of creating a Tax Incremental Financing district, and is not a recommendation to issue bonds or other securities, nor a recommendation of a specific structure for such potential financings. The report 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 without our prior written consent.

We acknowledge that upon submission to the City the report may become a public document within the meaning of the Freedom of Information Act. Nothing in these limitations is intended to block the disclosure of the documents under such Act.

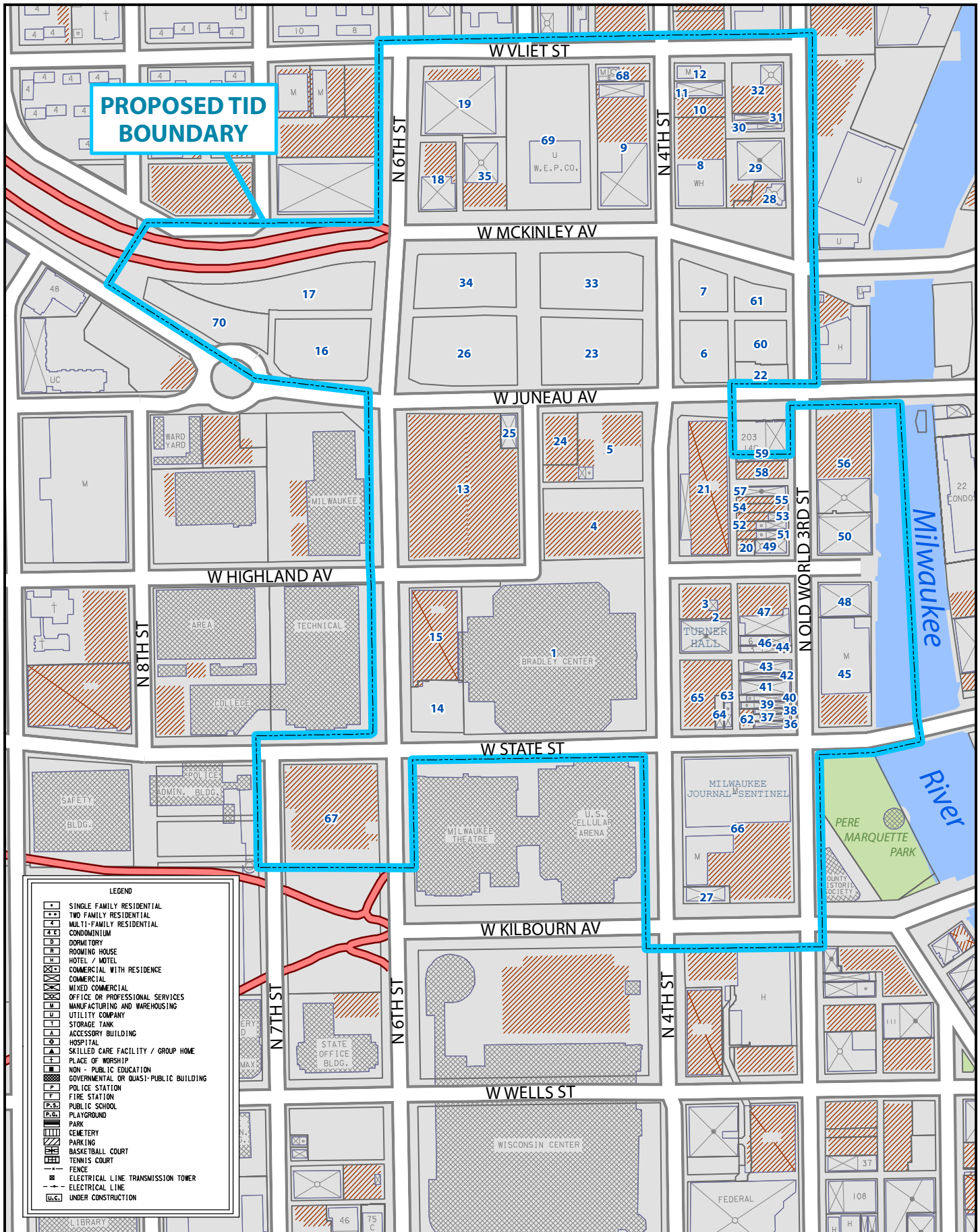
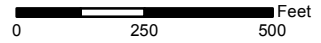
EXHIBIT 6
Letter from the City Attorney

(see next page)

TID 84: WEST MCKINLEY AND WEST JUNEAU

Prepared by the Department of City Development Planning Division, 12 June 2015
 Source: City of Milwaukee Information & Technology Management Division

MAP 1: BOUNDARY AND EXISTING LAND USE



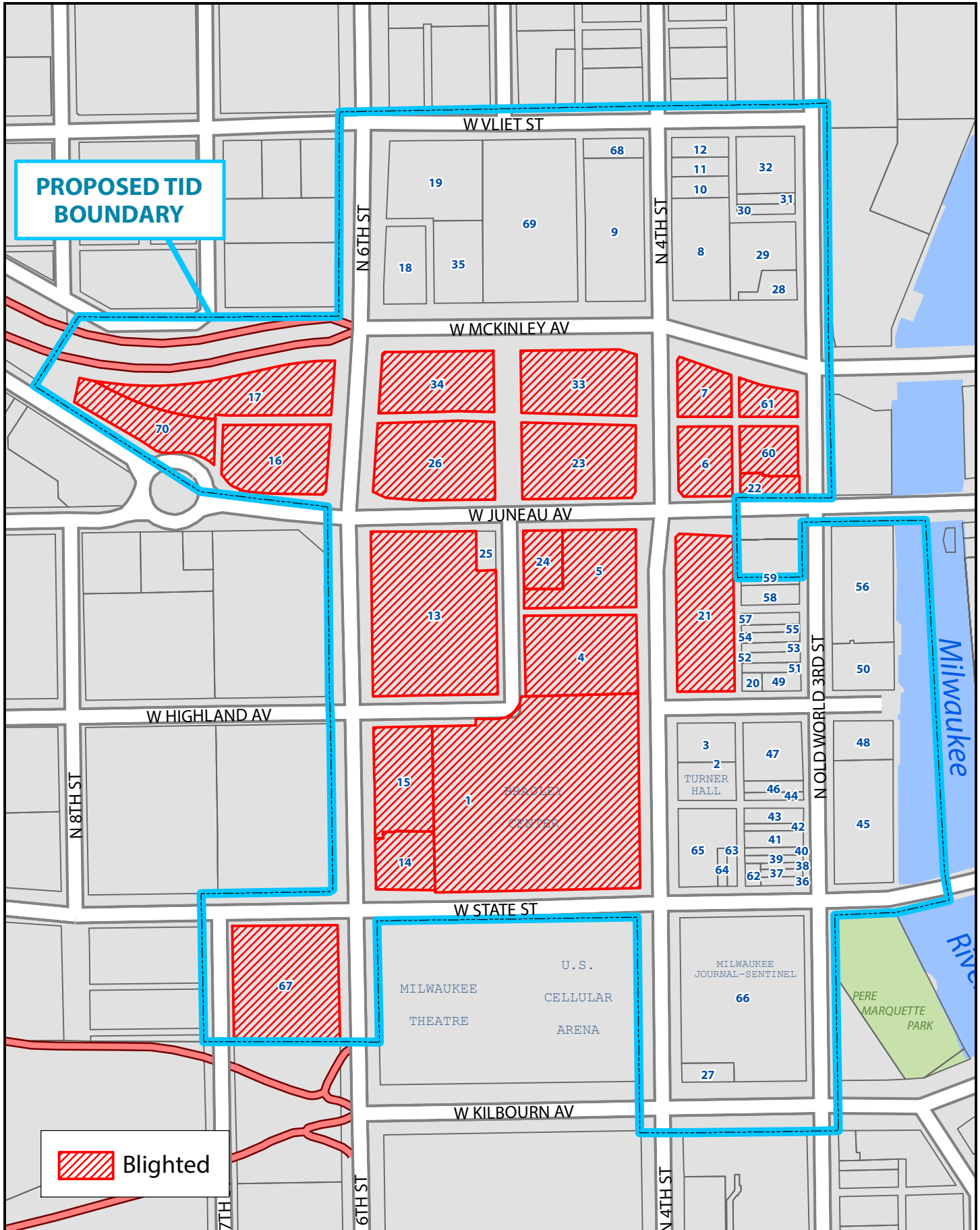
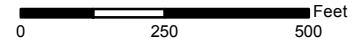
PROPOSED TID BOUNDARY

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

TID 84: WEST MCKINLEY AND WEST JUNEAU

Prepared by the Department of City Development Planning Division, 12 June 2015
Source: City of Milwaukee Information & Technology Management Division

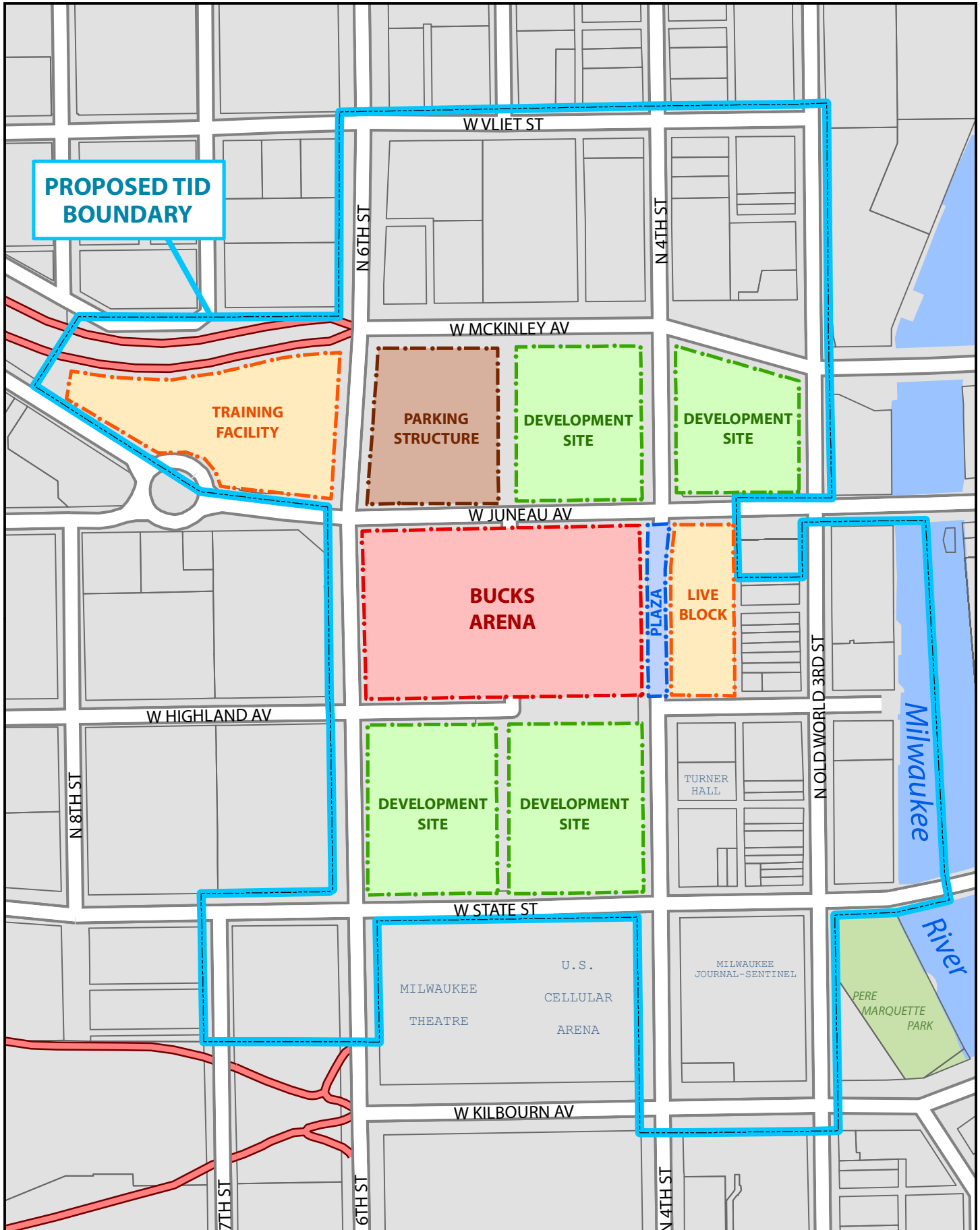
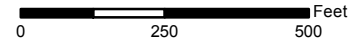
MAP 2: STRUCTURE CONDITIONS



TID 84: WEST MCKINLEY AND WEST JUNEAU

MAP 3: PROPOSED USES AND IMPROVEMENTS

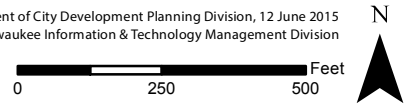
Prepared by the Department of City Development Planning Division, 12 June 2015
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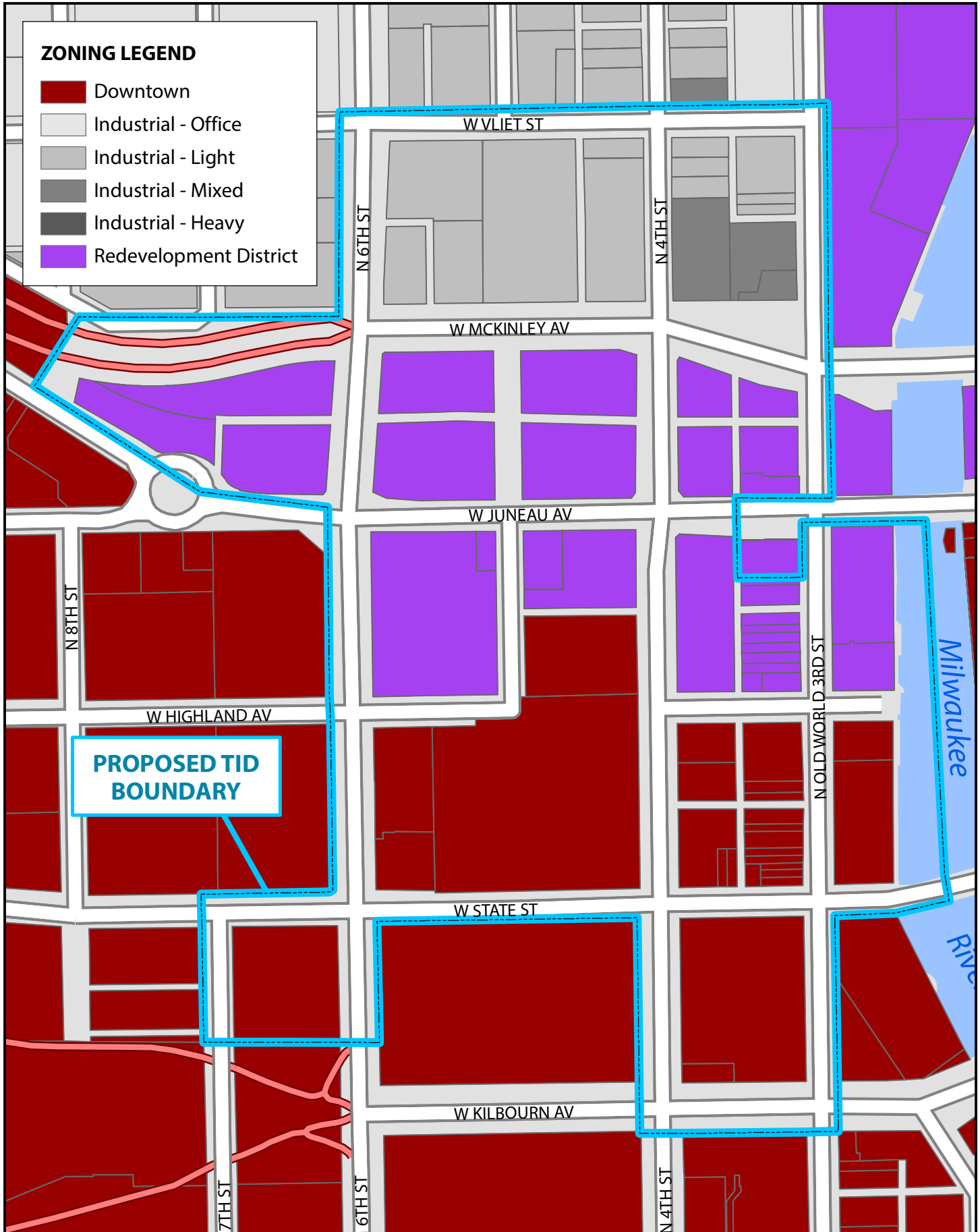
Prepared by the Department of City Development Planning Division, 12 June 2015
Source: City of Milwaukee Information & Technology Management Division

MAP 4: EXISTING ZONING



ZONING LEGEND

- Downtown
- Industrial - Office
- Industrial - Light
- Industrial - Mixed
- Industrial - Heavy
- Redevelopment District



PROPOSED TID BOUNDARY

TID 84: WEST MCKINLEY AND WEST JUNEAU

Prepared by the Department of City Development Planning Division, 12 June 2015
Source: City of Milwaukee Information & Technology Management Division

MAP 5: PARK EAST TID 48

