

**PROJECT PLAN FOR  
TAX INCREMENTAL FINANCING DISTRICT NO. 97  
(The Avenue)**

**CITY OF MILWAUKEE**

**Public Hearing Held: March 21, 2019**

**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.

Section 66.1105 (2)(f) 1.n., permits that Project Plan to fund projects located outside, but within one half-mile of the district’s boundary.

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

The Avenue (“District” or “TID”) is comprised of twenty-one properties totaling 346,606 SF, approximately 7.9 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.”** 69.43% of the real property located within the District was found to be in need or rehabilitation or conservation work within the meaning of Section 66.1105(4)(gm) of the Wisconsin Statutes. 0% of the real property located within the District is considered vacant property within the meaning of Section 66.1105(4)(gm) of the Wisconsin Statutes. **Exhibit 2, “Property Characteristics,”** illustrates how the properties in the District meet the statutory criteria for Tax Incremental Districts. Per Wisconsin Statute 66.1105 (5)(b) the percentage of territory within the District that will be devoted to retail business at the end of the maximum expenditure period is estimated by the City to be 19.05%. The entire District overlaps the existing Tax Incremental District No. 37 (Grand Avenue) and Tax Incremental District No. 46 (Grand Avenue/New Arcade), as shown in **Map No. 5, “Boundaries and Overlap.”**

### C. Project Background

#### Proposed Project

The Avenue project is a proposed redevelopment of the former west arcade of the Grand Avenue Mall (275 West Wisconsin Avenue) and the Matthews Building (301 West Wisconsin Avenue), combined, the “Project Site”. The Project Site is owned by Matthews Building, LLC and Haggeros Mall, LLC and will be developed by Hempel Milwaukee, LLC (the “Developer”).

The Developer plans to redevelop the Project Site into apr. 190,000 SF of office space on the upper floors (the “Office Project”) and apr. 75,000 SF for a food hall and other retail space (the “Food Hall Project”) on the first floor. In addition, the public access ways through the Project Site, skywalks connecting to the Project Site and plaza in front of the Project Site at 3rd/Wisconsin will be redeveloped and renovated (the “Public Access and Plaza Project”). The Public Access and Plaza Project will include pedestrian amenities, landscaping, façade improvements, hardscape improvements, lighting, finishes, utility work, public art and bicycle amenities.

Collectively, the Office Project, Food Hall Project and Public Access and Plaza Project are the “Overall Project” and represent a total investment of apr. \$44m.

The City is proposing up to a \$9,000,000 developer-financed cash grant to the Developer from this District to partially offset the costs necessary to construct the Public Access and Plaza Project, per the attached Term Sheet, **Exhibit 6, “The Avenue Term Sheet.”**

### History of the Project Site

The Grand Avenue mall opened in 1982 to much fanfare as part of a nationwide trend of building shopping centers in urban cores. The mall featured the first Milwaukee locations for many national retailers and provided a shopping experience that was unique to the metro area. Running from the Milwaukee River on the east to North 4th Street (now Vel R. Phillips Avenue) on the west, the construction of the mall connected and helped preserve the Marshall Field's/Gimbels building, Plankinton Arcade, Matthews Buildings and the Boston Store building.

By the mid 1990's, the mall began to struggle due to increased suburban shopping mall competition. In 1998, TID 37 (Grand Avenue) was created to assist with the Courtyard Marriott hotel on West Michigan Street. From 1999 to 2017, TID 37 was amended four times to assist with projects such as the redevelopment of the Marshall Field's/Gimbels building into the ASQ Center, the conversion of the Boston Store building into a mix of apartments, office and retail, incentives to keep the Bon-Ton headquarters in downtown Milwaukee, the redevelopment of the Grand Theater into the new home for the Milwaukee Symphony Orchestra and various public infrastructure improvements in the area. Total approved TID 37 project costs to date are \$27,420,728. In 2001, TID 46 (Grand Avenue/New Arcade) was created to assist in the redevelopment of the Plankinton Arcade into a TJ Maxx and Linens 'n Things, as well as improvements to the New Arcade. Total approved TID 46 project costs to date are \$6,000,000

### Plans for the Project Site and Neighborhood

In 2010, the City of Milwaukee updated its Downtown Area Plan. One of the catalytic projects listed in the plan was a Wisconsin Avenue Strategy, with the goal of revitalizing Wisconsin Avenue east and west of the Milwaukee River. In particular, in regards to the Grand Avenue mall and adjacent properties, it suggested "unique-to-the-market" retail offerings and "improved storefront appearances" to draw more costumers to Wisconsin Avenue.

In 2011, building on the Downtown Area Plan's recommendations, Mayor Tom Barrett created the West Wisconsin Avenue Task Force to align the public and private sectors in a coordinated effort to revitalize West Wisconsin Avenue. That task force led to the creation of WAM-DC (Wisconsin Avenue Milwaukee - Development Corporation) and, through a series of workshops, identified the redevelopment of the former Grand Avenue mall into a mix of uses as a top priority.

#### D. Project Plan Goals and Objectives

More detailed goals and objectives of this Project Plan are to:

- Eliminate a blighting influence on West Wisconsin Avenue and downtown Milwaukee.
- Increase the tax base of the City by redeveloping a property in need of rehabilitation or conservation in downtown Milwaukee.
- Implement a catalytic project, as set forth in the Downtown Area Plan 2010 Update, which called for a Wisconsin Avenue Strategy.

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

The District is currently comprised of twenty-one properties assessed at \$36,402,800 in 2018. All of the properties are currently also in Tax Incremental Districts 37 (Grand Avenue) and 46 (Grand Avenue/New Arcade). All of the Property in the District is zoned C9E (Major Retail).

## 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 the following purposes:

Monetary Obligation (\$9,000,000): Provide annual cash grants to the Developer to partially offset the costs necessary to construct the Public Access and Plaza Project. Developer will advance all costs for the Overall Project. City will make annual payments to the Developer equal to 100% of the incremental taxes collected in the District from real and personal property, less an annual administration charge, until such time as up to \$9,000,000 is repaid by the payments at an interest rate of 5.5%, over a period not to exceed 18 years (the "Monetary Obligation") per the attached Term Sheet, **Exhibit 6, "The Avenue Term Sheet."**

B. "Detailed List of Estimated Project Costs."

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

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

Capital Costs

The City shall fund an estimated \$9,000,000 in the form of TID Capital Project Costs enumerated in further detail in **Table A** of this Plan.

<b>TABLE A: TID Capital Project Costs</b>	
Monetary Obligation to Developer	\$9,000,000
<b>TOTAL Capital Project Costs</b>	<b>\$9,000,000</b>

Other Costs

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

Financing Costs

Financing costs include estimated gross interest expenses on the Monetary Obligation to repay the Developer. Estimates of interest are based on interest rates as set forth in the Economic Feasibility Analysis, attached as **Exhibit 4, "Feasibility Study."** The City reserves the right to prepay the Monetary Obligation to Developer, which could require issuance of general obligation debt, as described in the Term Sheet, attached as **Exhibit 6, "The Avenue Term Sheet."**

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

<u>Capital:</u> Monetary Obligation to Developer	\$9,000,000
<u>Other:</u> Administration (\$7,500 x 18 years)	\$135,000
Total Estimated Project Costs, excluding financing	\$9,135,000
<u>Financing:</u> Interest	\$7,985,000

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

All expenditures for the City Project Costs are expected to be incurred during the period from 2019-2037.

The annual cash grants to the Developer for the Monetary Obligation will be paid from 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 4, “Feasibility Study.”** 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 2037, the 18th year of the District. Accordingly, the District is determined to be feasible.

E. “Map Showing Existing Uses and Conditions.”

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

F. “Map Showing Proposed Uses and Improvements.”

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

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

Please refer to **Map No. 4, “Existing Zoning,”** in the Exhibits Section which follows. The proposed Project Plan is consistent with the existing zoning, which is C9E (Major Retail). The proposed Project Plan is in accordance with the existing master plan, map, building codes, and other city ordinances. The proposed Project Plan should not require amendments to their provisions, but such amendments could be made if necessary without further amendment to this Project Plan.

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

There are no Non-Project Costs.

I. “Proposed Method for Relocation.”

This Project Plan does not anticipate the acquisition of property by the City of Milwaukee. Accordingly, no relocation activities or expenditures for relocation payments or services are provided herein. Should the acquisition of property by condemnation and requiring relocation be necessary, the cost and method of relocation will be included in a redevelopment plan and associated relocation plan prepared in cooperation with the Redevelopment Authority, pursuant to Section 66.1333 and Section 32.05 of the 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, West Wisconsin Avenue, consistent with the objectives of the Downtown Area Plan, updated in 2010. It will facilitate the development of a properties in need of rehabilitation or conservation and increase employment opportunities in downtown Milwaukee. The Downtown Area Plan sets forth the following objectives for the Wisconsin Avenue Strategy, which will be accomplished, in part, by the District: improved storefront appearances of both vacant and occupied spaces and converting underutilized buildings to office use.

K. “Opinion of the City Attorney.”

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

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

Beginning at a point at the intersection of the south line of West Wisconsin Avenue and the west line of North Plankinton Avenue;

Thence, south along the west line of North Plankinton Avenue to its intersection with the north line of West Michigan Street;

Thence, west along the north line of West Michigan Street to its intersection with the west line of 615 North Second Street;

Thence, north along the west line of 615 North Second Street to its intersection with the south line of 275 West Wisconsin Avenue;

Thence, west, north and west along the south line of 275 West Wisconsin to its intersection with the west line of 301 West Wisconsin Avenue;

Thence, north along the west line of 301 West Wisconsin to its intersection with the south line of West Wisconsin Avenue;

Thence, east along the south line of West Wisconsin Avenue to its intersection with the west line of 211-219 West Wisconsin Avenue;

Thence, south along the west line of 211-219 West Wisconsin Avenue to its intersection with the south line of 211-219 West Wisconsin Avenue;

Thence, east along the south line of 211-219 West Wisconsin Avenue to its intersection with the west line of North Second Street;

Thence, north along the west line of North Second Street to its intersection with the south line of West Wisconsin Avenue;

Thence, east along the south line of West Wisconsin Avenue 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 in need or rehabilitation or conservation within the meaning of Section 66.1105(4)(gm)4.a Wisconsin Statutes.

Parcel No.	Address	Taxkey	Owner Name	Land Assessment	Improvement Assessment	Total Assessment	Lot SF	In Need of Rehabilitation or Conservation SF	Vacant SF	Retail SF
1	275 W Wisconsin Ave	397-0181-112	Haggeros Mall LLC	\$94,800	\$453,200	\$548,000	2,529	2,529	0	2,529
2	275 W Wisconsin Ave	397-0541-100	Haggeros Mall LLC	\$3,560,700	\$162,300	\$3,723,000	94,953	94,953	0	50,000
3	301 W Wisconsin Ave	397-0181-110	Matthews Building, LLC	\$585,000	\$0	\$585,000	10,714	10,714	0	0
4	301 W Wisconsin Ave	397-0185-000	Matthews Building, LLC	\$1,062,500	\$574,500	\$1,637,000	14,167	14,167	0	0
5	225 W Wisconsin Ave	397-0173-100	Majestic Milw Loft Apt LLC	\$1,080,000	\$5,834,000	\$6,914,000	12,734	0	0	0
6	223 W Wisconsin Ave	397-0141-100	Haggeros Mall LLC	\$140,900	\$819,100	\$960,000	1,878	0	0	1,878
7	615 N 2nd Street	397-0132-000	Milwaukee Parking JV Owner 1, LLC	\$3,201,800	\$100,000	\$3,301,800	42,690	42,690	0	0
8	627 N 2nd Street	397-0764-130	Haggeros Mall LLC c/o Hemple Co.	\$0	\$0	\$0	0	0	0	0
9	607 N 2nd Street	397-0765-200	Milwaukee Parking JV Owner 1, LLC	\$0	\$0	\$0	0	0	0	0
10	161 W Wisconsin Ave	397-0201-000	Haggeros Mall LLC	\$700,900	\$680,100	\$1,381,000	9,345	0	0	0
11	161 W Wisconsin Ave	397-0202-000	Haggeros Mall LLC	\$364,200	\$468,800	\$833,000	4,856	0	0	0
12	161 W Wisconsin Ave	397-0203-000	Haggeros Mall LLC c/o Hemple Co.	\$0	\$0	\$0	7,879	0	0	0
13	161 W Wisconsin Ave	397-0204-000	Haggeros Mall LLC	\$872,700	\$661,300	\$1,534,000	11,636	0	0	11,636
14	161 W Wisconsin Ave	397-0205-000	Haggeros Mall LLC	\$422,600	\$899,400	\$1,322,000	11,269	0	0	0
15	161 W Wisconsin Ave	397-0206-000	Sunset Investors - Plankinton LLC	\$700,900	\$3,041,100	\$3,742,000	9,345	0	0	0
16	161 W Wisconsin Ave	397-0207-000	Sunset Investors - Plankinton LLC	\$700,900	\$611,100	\$1,312,000	9,345	0	0	0
17	161 W Wisconsin Ave	397-0208-100	Sunset Investors - Plankinton LLC	\$336,500	\$1,932,500	\$2,269,000	4,487	0	0	0
18	161 W Wisconsin Ave	397-0211-110	Board of Regents UW System	\$0	\$0	\$0	20,615	0	0	0
19	161 W Wisconsin Ave	397-0212-000	Sunset Investors - Plankinton LLC	\$144,000	\$312,000	\$456,000	2,564	0	0	0
20	176 W Michigan Ave	397-0531-000	Milwaukee Parking JV Owner 1, LLC	\$5,670,000	\$215,000	\$5,885,000	75,600	75,600	0	0
21	635 N Plankinton Ave	361-0764-300	Haggeros Mall LLC c/o Hemple Co.	\$0	\$0	\$0	0	0	0	0
<b>TOTAL:</b>				<b>\$19,638,400</b>	<b>\$16,764,400</b>	<b>\$36,402,800</b>	<b>346,606</b>	<b>240,653</b>	<b>0</b>	<b>66,043</b>
<b>PERCENTAGE:</b>							<b>100.00%</b>	<b>69.43%</b>	<b>0.00%</b>	<b>19.05%</b>

**EXHIBIT 3  
Parcel Owners**

<b>Parcel No.</b>	<b>Address</b>	<b>Taxkey</b>	<b>Owner Name</b>
1	275 W Wisconsin Ave	397-0181-112	Haggeros Mall LLC
2	275 W Wisconsin Ave	397-0541-100	Haggeros Mall LLC
3	301 W Wisconsin Ave	397-0181-110	Matthews Building, LLC
4	301 W Wisconsin Ave	397-0185-000	Matthews Building, LLC
5	225 W Wisconsin Ave	397-0173-100	Majestic Milw Loft Apt LLC
6	223 W Wisconsin Ave	397-0141-100	Haggeros Mall LLC
7	615 N 2nd Street	397-0132-000	Milwaukee Parking JV Owner 1, LLC
8	627 N 2nd Street	397-0764-130	Haggeros Mall LLC c/o Hemple Co.
9	607 N 2nd Street	397-0765-200	Milwaukee Parking JV Owner 1, LLC
10	161 W Wisconsin Ave	397-0201-000	Haggeros Mall LLC
11	161 W Wisconsin Ave	397-0202-000	Haggeros Mall LLC
12	161 W Wisconsin Ave	397-0203-000	Haggeros Mall LLC c/o Hemple Co.
13	161 W Wisconsin Ave	397-0204-000	Haggeros Mall LLC
14	161 W Wisconsin Ave	397-0205-000	Haggeros Mall LLC
15	161 W Wisconsin Ave	397-0206-000	Sunset Investors - Plankinton LLC
16	161 W Wisconsin Ave	397-0207-000	Sunset Investors - Plankinton LLC
17	161 W Wisconsin Ave	397-0208-100	Sunset Investors - Plankinton LLC
18	161 W Wisconsin Ave	397-0211-110	Board of Regents UW System
19	161 W Wisconsin Ave	397-0212-000	Sunset Investors - Plankinton LLC
20	176 W Michigan Ave	397-0531-000	Milwaukee Parking JV Owner 1, LLC
21	635 N Plankinton Ave	361-0764-300	Haggeros Mall LLC c/o Hemple Co.

## EXHIBIT 4

### ECONOMIC FEASIBILITY STUDY FOR THE AVENUE TID (NO. 97)

#### **Background:**

The City of Milwaukee is proposing to create The Avenue Tax Incremental District No. 97 (the “District”) to fund annual cash grants to the Developer to partially offset the costs necessary to construct the Public Access and Plaza Project. The Monetary Obligation outlined in the Project Plan, totaling \$9,000,000 in Project Costs, will be developer-financed and paid annually from actual incremental tax revenue.

The District is comprised of twenty-one properties totaling 346,606 SF of land (the “Property”).

#### **Current Property Valuation:**

The assessment of the Property as of 1/1/2018 was \$36,402,800 and thus, that is the estimated base value of the proposed District with a base year of 2019.

#### **Anticipated Future Value of the District:**

Increment generated in the District will come primarily from two properties, the Plankinton Arcade (161 West Wisconsin Avenue) and The Avenue (275 West Wisconsin Avenue, formerly the New or West Arcade of the Grand Avenue Mall) combined with the Matthews Building (301 West Wisconsin Avenue).

##### Value of Plankinton Arcade (161 West Wisconsin Avenue)

The Plankinton Arcade is a 7-story building made up of 10 separate taxkeys with a total value of \$12,849,000 in 2018. The first floor of the Plankinton Arcade is retail, the second floor is in the process of being converted to apartments and the upper floors are a combination of apartments, office, the YMCA and the University of Wisconsin – Milwaukee.

*Retail Value:* The first floor is 68,956 SF, with TJ Maxx and Fresenius as main tenants and 22,717 SF of vacant retail space. The entire first floor was assessed at \$1,534,200 (\$22/SF) in 2018. The Developer intends to seek a grocery store for the largest remaining vacant space. Comparable properties include:

- The MetroMarket shopping center at 1028-1134 North Jackson Street was assessed at \$8,392,000 (\$95/SF) in 2018.
- The Walgreens at 223 West Wisconsin Avenue was assessed at \$960,000 (\$123/SF) in 2018.
- The East Point Shopping Center at 605 East Lyon Street was assessed at \$11,909,000 (\$207/SF) in 2018.

For the purposes of this feasibility study it is assumed that once leased and stabilized in 2022, the vacant space on the first floor will provide an incremental increase of \$2,044,530 (\$90/SF) in value, bringing the total value of the first floor to \$3,578,730 (\$51/SF) (\$1,534,200 + \$2,044,530).

*Residential Value:* The second floor is being converted to 52 market-rate apartments units. Similar apartments in the area are assessed at:

- The Buckler: 401 West Michigan Street. \$116,333/unit. (\$24,081,000 assessment in 2018, 207 units)
- MKE Lofts/Posner: 725 North Plankinton Avenue. \$120,688/unit. (\$12,793,000 assessment in 2018, 106 units)

- Plankinton Lofts: 161 West Wisconsin Avenue. \$120,709/unit. (\$3,742,000 assessment in 2018, 31 units)
- Boston Lofts: 331 West Wisconsin Avenue. \$175,000/unit. (\$12,950,000 assessment in 2018, 74 units)

The second floor is was assessed at \$1,322,000 in 2018. Once the apartments are stabilized in 2022, it is assumed that units will be valued at \$150,000/unit, due to their location, quality and age. Therefore, the second floor will be valued at \$7,800,000, a \$6,478,000 increase in assessed value (\$7,800,000 - \$1,322,000).

Therefore, combined, it is anticipated that the Plankinton Arcade will increase in value from \$12,849,000 to \$21,371,530 (\$12,849,000 + \$2,044,530 + \$6,478,000), upon stabilization.

Value of The Avenue (275 West Wisconsin Avenue) and Matthews Building (301 West Wisconsin Avenue)

The Avenue and Matthews building are made up of 5 separate taxkeys with a total value of \$7,453,000 in 2018. The renovation of the New/West Arcade will include 190,000 SF of office space and 75,000 SF of space for a new Food Hall and other retail.

*Office Value:*

The second and third floors of the New/West Arcade will be partially filled in and when combined with the Matthews Building, there will be approximately 190,000 SF of office space. All office tenants will have access to attached structured parking and amenities such as the Food Hall on the first floor and several hotels reachable via skywalk.

Recent multi-tenant, new construction office buildings, offer good comparables, such as:

- Pabst Professional Center (1036-42 West Juneau Avenue) is a 71,220 SF Class B office building constructed in 2014 with a 2018 assessment of \$6,762,000 (\$94/SF). The building has limited on-site parking.
- 318-324 North Water Street (main tenant Hanson Dodge) is an 84,258 SF office building that is a combination of new construction (2017) and renovation of existing space with a 2018 assessment of \$9,622,000 (\$114/SF). The building has no attached parking.
- 1433-75 North Water Street (main tenant of Bader Rutter) is a 139,309 SF office building that is a combination of new construction (2016) and renovation of existing space with a 2018 assessment of \$20,359,000 (\$146/SF). This building was a combination of rehab and new construction and is considered Class B space, with limited on-site parking.
- Cathedral Place (555 East Wells Street) is a 200,000 SF Class A office building constructed in 2003 with a 2018 assessment of \$31,350,000 (\$156/SF). It has an attached parking structure.

In addition, new single tenant office buildings recently built near downtown are other comparables to consider:

- The Zurn Headquarters (511 West Freshwater Way), completed in 2016 at the Reed Street Yards in Walker's Point, is a 53,199 SF Class B office building with a 2018 assessment of \$16,688,000 (\$313/SF). It has an attached surface parking lot.
- The Manpower Headquarters (201 West Cherry Street), completed in 2007 near Schlitz Park, is a 280,000 SF Class A office building with a 2018 assessment of \$64,956,000 (\$231/SF). It has an attached parking structure.

Based on those comparables and the availability of parking, for the purposes of this feasibility study, it is assumed that the office space will be assessed at \$28,500,000 (\$150/SF) upon stabilization in 2023.

*Food Hall and Retail Value:*

The first floor of the New/West Arcade will consist of 75,000 SF of retail space for the proposed Food Hall and other retail. This includes the existing 7,750 SF Walgreens store, which is assessed at \$960,000 (\$123/SF). The best comparables are existing restaurant/retail properties in the downtown area:

- The building at 205 South 2nd Street with Purple Door Ice Cream and Bowls as main tenants was assessed at \$438,000 (\$63/SF) in 2018.
- The Walgreens at 223 West Wisconsin Avenue was assessed at \$960,000 (\$123/SF) in 2018.
- The building at 600 East Ogden Avenue with Panera and Chipotle as main tenants was assessed at \$3,149,000 (\$225/SF) in 2018.

For the purposes of this feasibility study it is assumed that once stabilized in 2023, the Food Hall and other retail will be assessed at \$6,750,000 (\$90/SF) in value.

Therefore, combined, it is anticipated that The Avenue and Matthews will increase in value from \$7,453,000 to \$35,250,000 (\$28,500,000 + \$6,750,000) upon stabilization in 2023.

Total Values

In summary, the total projected stabilized values, in 2022-23 are:

<u>Use</u>	<u>Base Value</u>	<u>Stabilized Value</u>	<u>Incremental Value</u>
Plankinton Arcade (2022)	\$12,849,000	\$21,371,530	\$8,522,530
The Avenue/Matthews (2023)	\$7,453,000	\$35,250,000	\$27,797,000
Other Properties in District	\$16,100,800	\$16,100,800	\$0
<b>TOTAL:</b>	<b>\$36,402,800</b>	<b>\$72,722,330</b>	<b>\$36,319,530</b>

For the purposes of this feasibility study, it is assumed that no further development or redevelopment occurs in the District. However, a 1% annual appreciation on all Property is assumed.

**Anticipated District Cash Flow:**

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

- Base Value: \$36,402,800
- Tax Rate: 2.785%
- Interest Rate: 5.5%
- Annual Appreciation: 1.00%
- Developer Financed Costs: \$9,000,000
- Annual Admin Costs: \$7,500 (deducted from annual payment to Developer)

As shown in the forecast, the District is able to amortize the Project Costs in an estimated 18 years. Given this estimate, the proposed District is determined to be feasible and capable of amortizing the Project Costs within the statutory life of the proposed District.

**Table 1: The Avenue TID (#97)**

No.	Assessment Year	Budget Year	Base Value	Projected Value	TID Incremental Value	Incremental Revenue	Cumulative Inc. Revenue	Annual Expenses	Increment After Expenses	NPV of Increment After Expenses	TID Payoff
1	2019	2020	36,402,800	36,402,800	-	-	-	7,500	(7,500)	-	
2	2020	2021	36,402,800	38,402,800	2,000,000	55,700	55,700	7,500	48,200	50,044	No
3	2021	2022	36,402,800	48,925,330	12,522,530	348,752	404,452	7,500	341,252	326,812	No
4	2022	2023	36,402,800	56,925,330	20,522,530	571,552	976,005	7,500	564,052	782,124	No
5	2023	2024	36,402,800	72,722,330	36,319,530	1,011,499	1,987,504	7,500	1,003,999	1,550,318	No
6	2024	2025	36,402,800	73,449,553	37,046,753	1,031,752	3,019,256	7,500	1,024,252	2,293,153	No
7	2025	2026	36,402,800	74,184,049	37,781,249	1,052,208	4,071,464	7,500	1,044,708	3,011,323	No
8	2026	2027	36,402,800	74,925,889	38,523,089	1,072,868	5,144,332	7,500	1,065,368	3,705,516	No
9	2027	2028	36,402,800	75,675,148	39,272,348	1,093,735	6,238,067	7,500	1,086,235	4,376,407	No
10	2028	2029	36,402,800	76,431,900	40,029,100	1,114,810	7,352,877	7,500	1,107,310	5,024,660	No
11	2029	2030	36,402,800	77,196,219	40,793,419	1,136,097	8,488,974	7,500	1,128,597	5,650,930	No
12	2030	2031	36,402,800	77,968,181	41,565,381	1,157,596	9,646,570	7,500	1,150,096	6,255,859	No
13	2031	2032	36,402,800	78,747,863	42,345,063	1,179,310	10,825,880	7,500	1,171,810	6,840,078	No
14	2032	2033	36,402,800	79,535,341	43,132,541	1,201,241	12,027,121	7,500	1,193,741	7,404,203	No
15	2033	2034	36,402,800	80,330,695	43,927,895	1,223,392	13,250,513	7,500	1,215,892	7,948,841	No
16	2034	2035	36,402,800	81,134,002	44,731,202	1,245,764	14,496,277	7,500	1,238,264	8,474,585	No
17	2035	2036	36,402,800	81,945,342	45,542,542	1,268,360	15,764,637	7,500	1,260,860	8,982,013	No
18	2036	2037	36,402,800	82,764,795	46,361,995	1,291,182	17,055,818	7,500	1,283,682	9,471,694	YES
19	2037	2038	36,402,800	83,592,443	47,189,643	1,314,232	18,370,050	7,500	1,306,732	9,944,181	YES
20	2038	2039	36,402,800	84,428,367	48,025,567	1,337,512	19,707,562	7,500	1,330,012	10,400,015	YES
21	2039	2040	36,402,800	85,272,651	48,869,851	1,361,025	21,068,587	7,500	1,353,525	10,839,723	YES
22	2040	2041	36,402,800	86,125,378	49,722,578	1,384,774	22,453,361	7,500	1,377,274	11,263,821	YES
23	2041	2042	36,402,800	86,986,631	50,583,831	1,408,760	23,862,121	7,500	1,401,260	11,672,810	YES
24	2042	2043	36,402,800	87,856,498	51,453,698	1,432,985	25,295,106	7,500	1,425,485	12,067,180	YES
25	2043	2044	36,402,800	88,735,063	52,332,263	1,457,454	26,752,560	7,500	1,449,954	12,447,407	YES
26	2044	2045	36,402,800	89,622,413	53,219,613	1,482,166	28,234,726	7,500	1,474,666	12,813,954	YES
27	2045	2046	36,402,800	90,518,638	54,115,838	1,507,126	29,741,852	7,500	1,499,626	13,167,273	YES

29,741,852

Annual appreciation	1.010
Discount Rate	5.50%
Base Value	36,402,800
Projected Value	72,722,330
Initial Property Tax rate	2.785%
Developer Financed Costs	9,000,000
Annual Expenses	7,500

**EXHIBIT 5**  
**Letter from the City Attorney**

**EXHIBIT 6**  
**The Avenue Term Sheet**



02/28/19

**DRAFT  
TERM SHEET**

**(The Avenue – TID 97)**

**PROJECT**

The Avenue project is a proposed redevelopment of the former west arcade of the Grand Avenue Mall (275 West Wisconsin Avenue) and the Matthews Building (301 West Wisconsin Avenue), combined, the “Project Site”. The Project Site is owned by Matthews Building, LLC and Haggeros Mall, LLC and will be developed by Hempel Milwaukee, LLC (the “Developer”), or its successors and assigns.

The Developer plans to redevelop the Project Site into apr. 190,000 SF of office space on the upper floors (the “Office Project”) and apr. 75,000 SF for a food hall and other retail space (the “Food Hall Project”) on the first floor. In addition, the public access ways through the Project Site, skywalks connecting to the Project Site and plaza in front of the Project Site at 3rd/Wisconsin will be redeveloped and renovated (the “Public Access and Plaza Project”). Collectively, the Office Project, Food Hall Project and Public Access and Plaza Project are the “Overall Project” and represent a total investment of apr. \$44M.

City proposes to assist Developer via the creation of a new Tax Incremental District No. 97 (The Avenue) (“the TID”) to fund the item below as set forth in the TID Project Plan:

- Monetary Obligation (\$9,000,000). Developer will advance, and City will reimburse up to \$9,000,000 in project costs, to partially offset the costs necessary to construct the Public Access and Plaza Project. City will make annual payments for up to 18 years, at 5.5% interest (the “Monetary Obligation”), as described in the Monetary Obligation section below. The City shall have the right to prepay the Monetary Obligation in full or part at any time.

**APPROXIMATE DEVELOPMENT SCHEDULE**

Commence Construction of Overall Project by May 1, 2019.  
Substantial Completion of Overall Project by May 1, 2020.

**DESIGN REVIEW**

Plans and specifications for the Overall Project shall be subject to the reasonable review and approval of City’s Commissioner of City Development (the “DCD Commissioner”) and the City’s Commissioner of Public Works (the “DPW Commissioner”). City and Developer shall cooperate on the Public Access and Plaza Project.

## **PARTIES**

City, Redevelopment Authority of the City of Milwaukee and Developer.

## **PARTIES' OBLIGATIONS**

In order to receive the financial assistance described above, Developer must fulfill the following obligations:

- A. Developer shall develop the Overall Project, including obtaining necessary building permits for the construction of Overall Project, except for the remaining build out of vacant office suites, and substantially complete construction of the Overall Project by May 1, 2020, subject to force majeure.
- B. Developer shall enter into a Human Resources Agreement with City that will require Developer to utilize certified Small Business Enterprises (“SBE”) for 25% of construction and supply costs and 18% of professional services costs on the Overall Project and utilize unemployed and underemployed residents, pursuant to City’s Resident Preference Program (“RPP”), for no less than 40% of total “worker hours” expended on construction of the Overall Project. City and Developer shall agree upon a schedule of anticipated SBE and RPP percentages over the life of the Overall Project. If the Developer does not meet the required SBE and RPP percentages set forth in Milwaukee Code of Ordinance Chapters 355 and 370, then per MCO Section 355-19, the release of all or a portion of the Monetary Obligation may be withheld until the percentages are met or may be withheld completely if the percentages are never met.
- C. Developer shall enter into a standard payment in lieu of taxes (“PILOT”) agreement with City agreeing to make PILOT payments to City for the full property tax rate in the event that the real property included in the Project Site, becomes exempt from the payment of real property taxes during the original term of the TID. PILOT payments shall be due until termination of the TID or through the year of the 2037 tax levy, payable in 2038; whichever shall first occur.
- D. Developer shall provide the City with an updated or new permanent public access easement through the Overall Project, which includes ADA paths to and from existing public access ways, the street, plazas and parking structures.

## **MONETARY OBLIGATION**

Developer will advance and City will reimburse up to \$9,000,000 in project costs to partially offset the costs necessary to construct the Public Access and Plaza Project (the “Monetary Obligation”).

The Monetary Obligation consists of a limited and conditional obligation to repay Developer an amount up to \$9,000,000, plus interest on the outstanding balance of the

Monetary Obligation at 5.5% per year for up to 18 years. Payments on the Monetary Obligation are to be made annually, less annual expenses of \$7,500. City may, at any time or from time to time, without notice, penalty, or fee, prepay all or any portion of the Monetary Obligation.

Interest on the Monetary Obligation shall not begin to accrue until substantial completion of the Overall Project. Prior to substantial completion of the Overall Project, City will deposit the incremental tax revenue actually received by City from the TID, less annual expenses of \$7,500 into a special fund established for the TID. Upon substantial completion of the Overall Project, such amount shall be disbursed to Developer and applied to reduce the principal balance of the Monetary Obligation.

Subsequent to substantial completion of the Overall Project, following the deduction of annual expenses, incremental tax revenue collected from the TID will be allocated to repay Developer for project costs incurred for the Public Access and Plaza Project through payments on the Monetary Obligation.

Tax incremental revenue will not be pledged to the payment of the Monetary Obligation, and the Monetary Obligation shall not constitute a general obligation of City or count against its statutory debt limits. All disbursements of tax incremental revenue received by City from the TID shall be subject to annual appropriation. If not appropriated, City shall not expend such tax incremental revenue for any other TID project costs or for any other purpose. City agrees to negotiate, in good faith, terms and conditions within the definitive agreement which are reasonably acceptable to Developer's lender as it pertains to this paragraph.

### **Monetary Obligation Earned**

Upon substantial completion of the Overall Project, Developer shall submit a certification detailing Public Access and Plaza project costs theretofore incurred (together with copies of records, invoices and/or AIA documentation evidencing such expenditures). The amount of the Monetary Obligation shall be deemed earned upon approval of such certification by the DCD Commissioner and interest will begin to accrue on the balance of the Monetary Obligation as of the date of substantial completion of the Overall Project.

### **Term of Payments**

City payments on the Monetary Obligation will terminate: (i) at the time the Monetary Obligation is fully paid; or (ii) with the payment derived from the 2037 tax levy, payable in 2038, whichever occurs first.

## **OTHER ENTITLEMENTS OR APPROVALS**

City will work with Developer to secure any zoning changes, right-of-way vacations, right-of-way dedications and any other approvals or entitlements required for the Overall Project.

## **GENERAL**

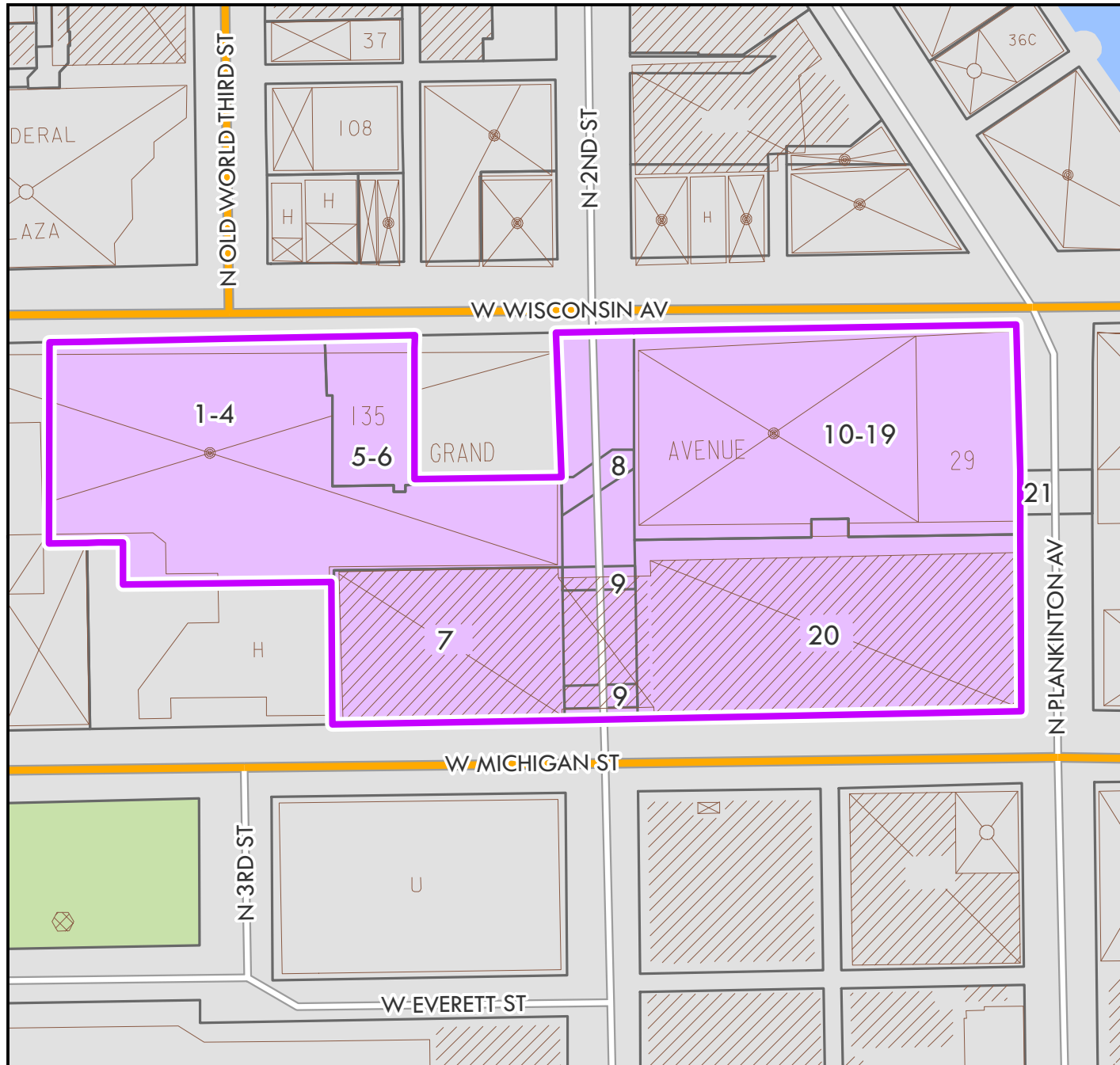
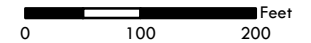
This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort, shall be incorporated into a Cooperation, Contribution and Redevelopment Agreement, a Human Resources Agreement, a PILOT Agreement and any other documents, instruments or agreements necessary to accomplish the objectives described above. In recognition that there may be adjustments of the dates and descriptions herein as well as administrative approvals which will require the exercise of reasonable discretion on behalf of City, the DCD Commissioner will be authorized under these agreements to exercise such discretion and grant such approvals.

CAO:1050-2019-182:256794

# TID 97: THE AVENUE, MAP 1

## BOUNDARY AND EXISTING LAND USE

Prepared by the Department of City Development Planning Division, 2/14/2019  
 Source: City of Milwaukee Information Technology Management Division



### PROPERTY LIST

No.	Taxkey	Property Address
1	397-0181-112	275 W WISCONSIN AV
2	397-0541-100	275 W WISCONSIN AV
3	397-0181-110	301 W WISCONSIN AV
4	397-0185-000	301 W WISCONSIN AV
5	397-0173-100	225 W WISCONSIN AV
6	397-0141-100	223 W WISCONSIN AV
7	397-0132-000	615 N 2ND ST
8	397-0764-130	627 N 2ND ST
9	397-0765-200	607 N 2ND ST
10	397-0201-000	161 W WISCONSIN AV
11	397-0202-000	161 W WISCONSIN AV
12	397-0203-000	161 W WISCONSIN AV
13	397-0204-000	161 W WISCONSIN AV
14	397-0205-000	161 W WISCONSIN AV
15	397-0206-000	161 W WISCONSIN AV
16	397-0207-000	161 W WISCONSIN AV
17	397-0208-100	161 W WISCONSIN AV
18	397-0211-110	161 W WISCONSIN AV
19	397-0212-000	161 W WISCONSIN AV
20	397-0531-000	176 W MICHIGAN AV
21	361-0764-300	635 N PLANKINTON AV

### MAP LEGEND

- Parcel Boundary
- TID 97 Boundary

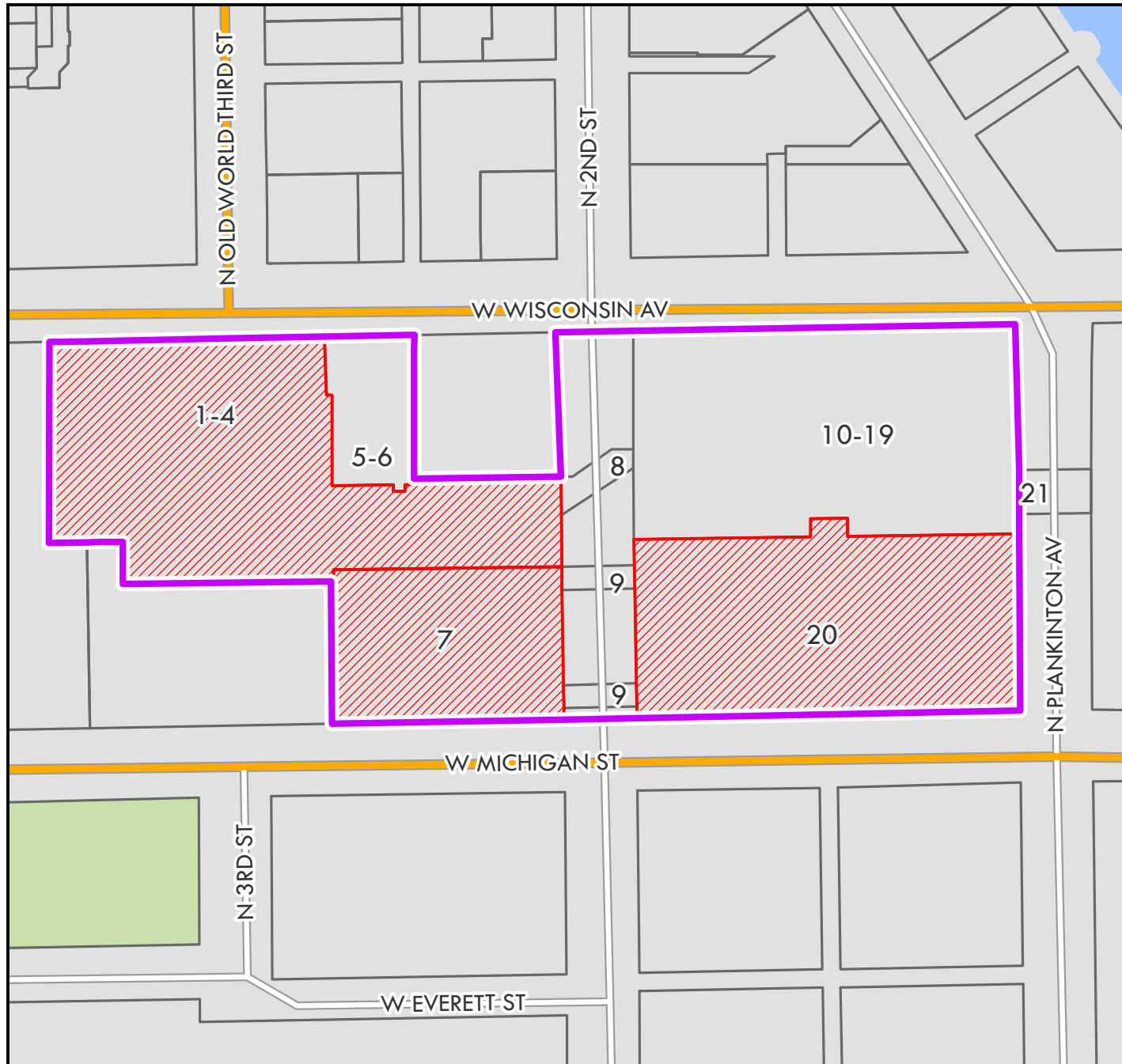
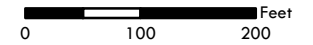
### Current Land Use

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

# TID 97: THE AVENUE, MAP 2

## STRUCTURE CONDITION




Prepared by the Department of City Development Planning Division, 2/14/2019  
 Source: City of Milwaukee Information Technology Management Division



### PROPERTY LIST

No.	Taxkey	Property Address
1	397-0181-112	275 W WISCONSIN AV
2	397-0541-100	275 W WISCONSIN AV
3	397-0181-110	301 W WISCONSIN AV
4	397-0185-000	301 W WISCONSIN AV
5	397-0173-100	225 W WISCONSIN AV
6	397-0141-100	223 W WISCONSIN AV
7	397-0132-000	615 N 2ND ST
8	397-0764-130	627 N 2ND ST
9	397-0765-200	607 N 2ND ST
10	397-0201-000	161 W WISCONSIN AV
11	397-0202-000	161 W WISCONSIN AV
12	397-0203-000	161 W WISCONSIN AV
13	397-0204-000	161 W WISCONSIN AV
14	397-0205-000	161 W WISCONSIN AV
15	397-0206-000	161 W WISCONSIN AV
16	397-0207-000	161 W WISCONSIN AV
17	397-0208-100	161 W WISCONSIN AV
18	397-0211-110	161 W WISCONSIN AV
19	397-0212-000	161 W WISCONSIN AV
20	397-0531-000	176 W MICHIGAN AV
21	361-0764-300	635 N PLANKINTON AV

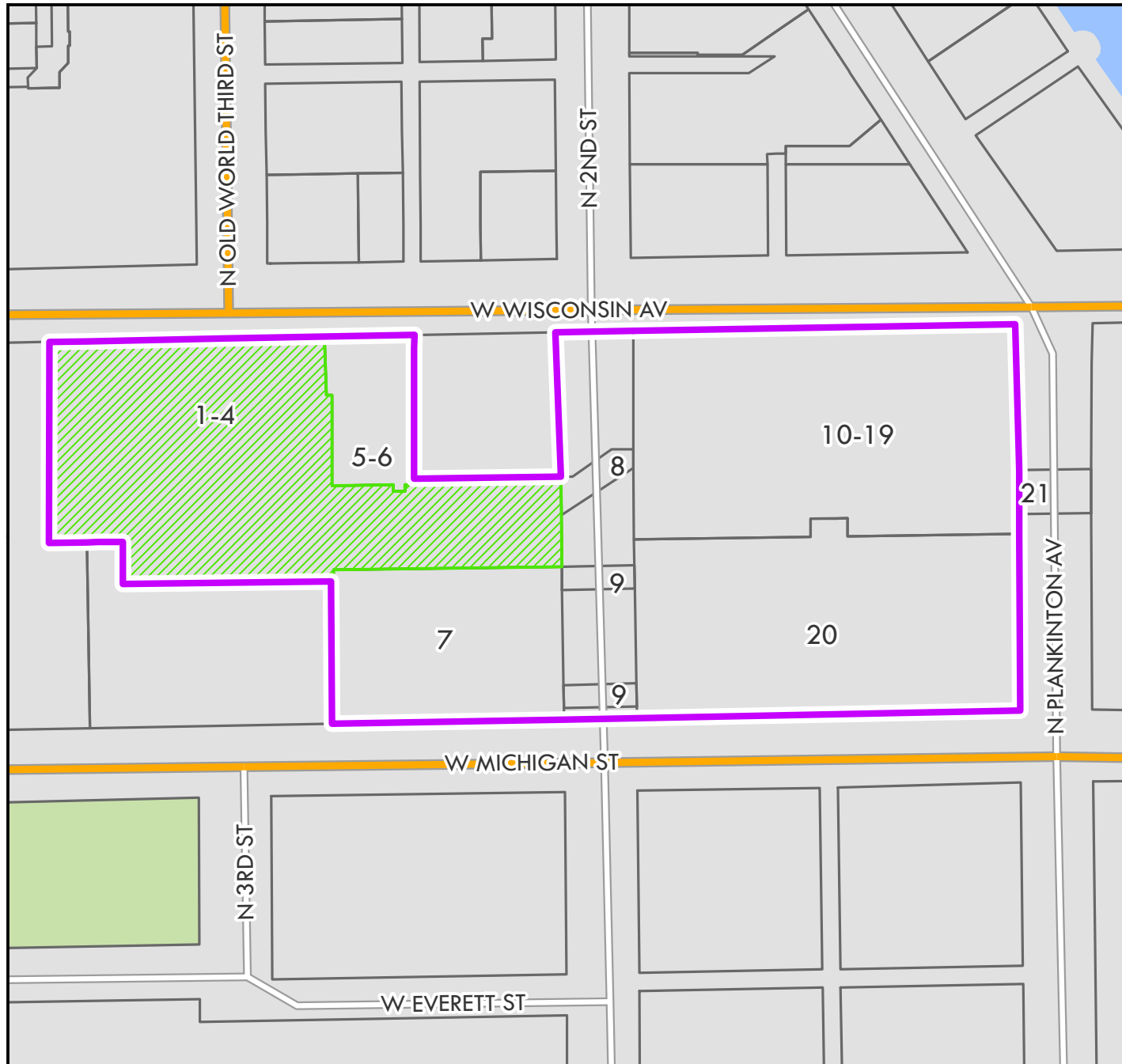
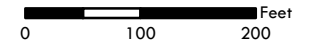
### MAP LEGEND

-  TID 97 Boundary
-  Parcel Boundary
-  In Need of Rehabilitation or Conservation

# TID 97: THE AVENUE, MAP 3

## PROPOSED USES AND IMPROVEMENTS




Prepared by the Department of City Development Planning Division, 2/14/2019  
 Source: City of Milwaukee Information Technology Management Division



### PROPERTY LIST

No.	Taxkey	Property Address
1	397-0181-112	275 W WISCONSIN AV
2	397-0541-100	275 W WISCONSIN AV
3	397-0181-110	301 W WISCONSIN AV
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16	397-0207-000	161 W WISCONSIN AV
17	397-0208-100	161 W WISCONSIN AV
18	397-0211-110	161 W WISCONSIN AV
19	397-0212-000	161 W WISCONSIN AV
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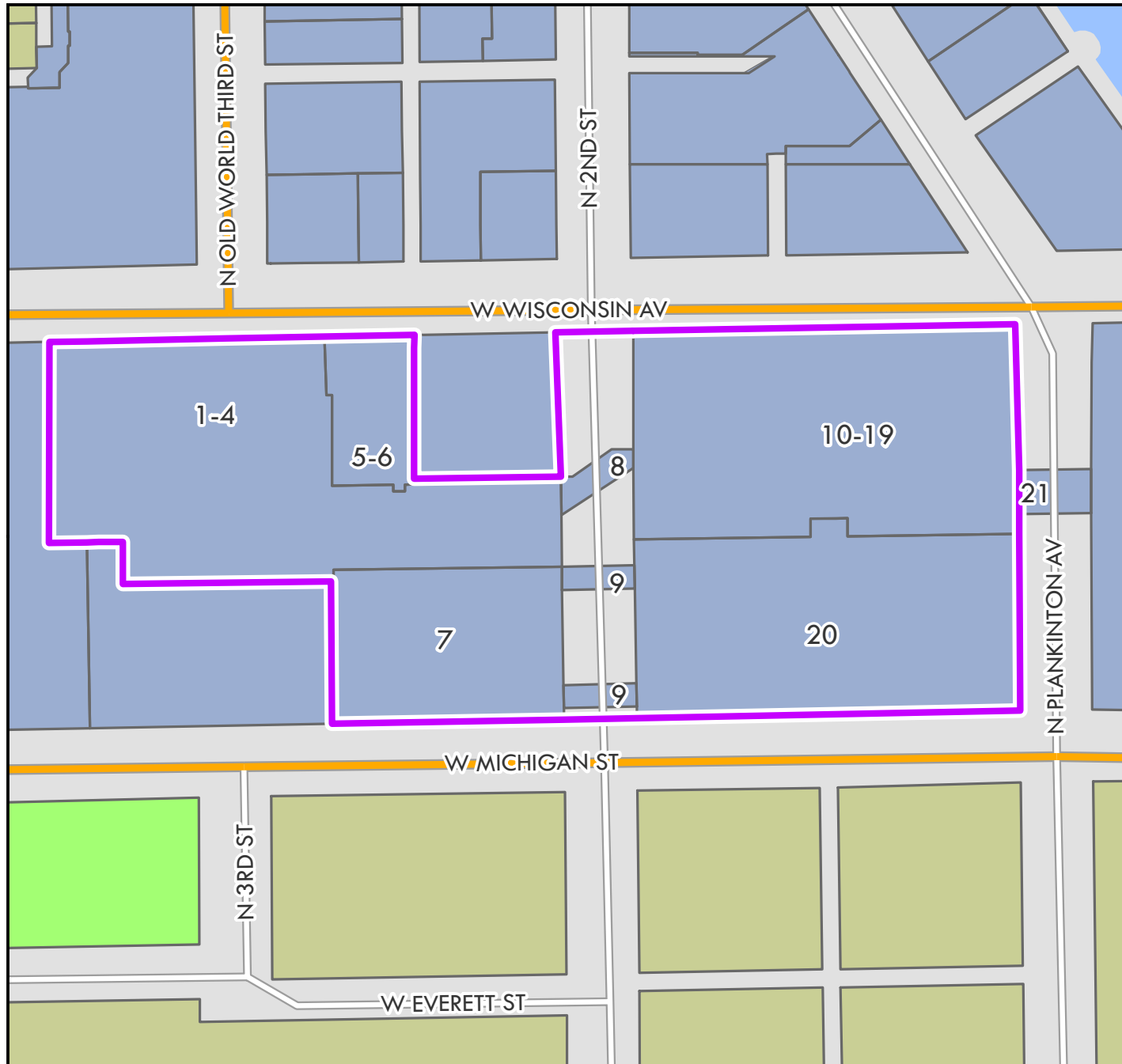
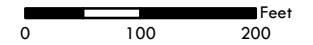
### MAP LEGEND

-  TID 97 Boundary
-  Parcel Boundary
-  Project Site  
(Parcels 1, 2, 3, & 4)

# TID 97: THE AVENUE, MAP 4

## EXISTING ZONING

Prepared by the Department of City Development Planning Division, 2/14/2019  
 Source: City of Milwaukee Information Technology Management Division



### PROPERTY LIST

No.	Taxkey	Property Address
1	397-0181-112	275 W WISCONSIN AV
2	397-0541-100	275 W WISCONSIN AV
3	397-0181-110	301 W WISCONSIN AV
4	397-0185-000	301 W WISCONSIN AV
5	397-0173-100	225 W WISCONSIN AV
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14	397-0205-000	161 W WISCONSIN AV
15	397-0206-000	161 W WISCONSIN AV
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17	397-0208-100	161 W WISCONSIN AV
18	397-0211-110	161 W WISCONSIN AV
19	397-0212-000	161 W WISCONSIN AV
20	397-0531-000	176 W MICHIGAN AV
21	361-0764-300	635 N PLANKINTON AV

### MAP LEGEND

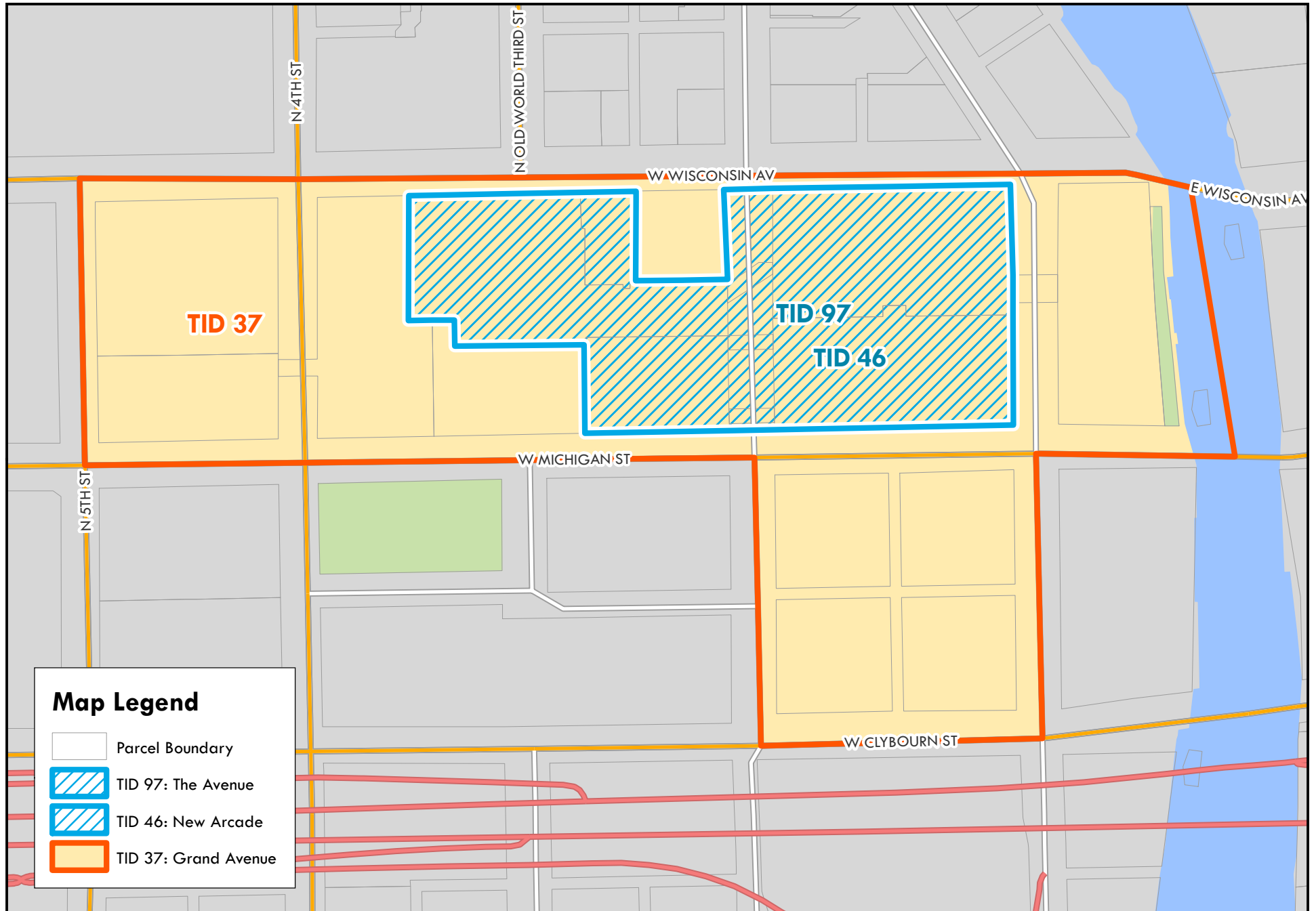
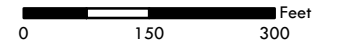
- TID 97 Boundary
- Parcel Boundary
- Major Retail (C9E)
- Office and Services (C9F(A))
- Park (PK)

\*All parcels are within the "Downtown" land use group.



# TID 97: THE AVENUE, MAP 5 BOUNDARIES AND OVERLAP

Prepared by the Department of City Development Planning Division, 2/14/2019  
Source: City of Milwaukee Information Technology Management Division



**Map Legend**

- Parcel Boundary
- TID 97: The Avenue
- TID 46: New Arcade
- TID 37: Grand Avenue