

AMENDMENT NO. 1

**PROJECT PLAN FOR TAX INCREMENTAL FINANCING DISTRICT NO.
41
(TIME WARNER RIVERWALK PROJECT)**

CITY OF MILWAUKEE

Public Hearing Held: January 19, 2006

Redevelopment Authority Adopted : January 19, 2006

Common Council Adopted: February 7, 2006

Joint Review Board Adopted:

**AMENDMENT NO. 1 to the PROJECT PLAN for
TAX INCREMENTAL FINANCING DISTRICT NUMBER 41
CITY OF MILWAUKEE
(Time Warner Riverwalk Project)**

Introduction

Section 66.1105 (4)(h)(1), Wisconsin Statutes, permits the Redevelopment Authority, subject to the approval of the Common Council, to amend the project plan for a tax incremental financing district.

The Common Council created Tax Incremental District Number 41 in 2000 for the purpose of facilitating redevelopment efforts in an area generally bounded by N. King Dr., W. McKinley Ave., W. Pleasant St., and the Milwaukee River. Funding was to be provided for the City's share of riverwalk improvements from McKinley to Cherry Streets (\$4,000,000) and for streetscaping, landscaping and plaza improvements (\$3,000,000). The key private investments contemplated by the Project Plan were the conversion of the former WE Energies power plant into office for occupancy by Time Warner, Inc., and the development of the Harley-Davidson museum in the former Schlitz Brew House.

The Time Warner facility was constructed by 2001 and the 150,000 s.f. office building is now home to 850 employees. The Harley-Davidson museum was not constructed due to difficulties in renovating the historic Brew House structure, but is now in the early stages of development at a site at W. 6th and Canal Streets.

TID 41 has incurred project costs, to date, of \$ 2,559,000, all for riverwalk improvements related to the Time Warner project. The TID has achieved an increase in incremental property value of \$38.5 million, and the TID fund for the project has a surplus balance of \$ 1.1 million. This balance will be applied to the City's cost of the Amended Project Plan, as discussed below.

In summary, Amendment No. 1 to the Project Plan will provide \$20.6 million for the purposes of constructing a city owned parking ramp, and various public and quasi-public site improvements, as well as providing \$4.7 million of loans and grants, all for a 280,000 s.f. office facility to be occupied by Manpower, Inc. as its new World Headquarters. In addition, the Project Plan will fund a \$250,000 job training program addressing the construction phase and long-term employment opportunities at the project. Initial employment at Manpower is expected to be approximately 1000, with the potential for two to four hundred additional jobs to be generated through future growth.

Specific terms and conditions of the transaction are attached as Exhibit 1.

Amendments to the Project Plan:

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

I. DESCRIPTION OF THE PROJECT

Sub-Section C, "Plan Objectives," is deleted and restated, as follows :

"C. Plan Objectives

The District encompasses a former decommissioned electric power plant (renovated for offices pursuant to the original Project Plan), an abandoned rail yard, and former Schlitz Brewery buildings. The District has facilitated the adaptive reuse of the power plant, and will facilitate the redevelopment of the

rail yard with a 280,000 s.f., four-story, headquarters office building to be occupied by Manpower, Inc. and a 60,000 s.f. office renovation of the adjacent North Power House building. The public riverwalk, which has been extended for the Time Warner office development, will be completed up to Cherry St., as contemplated in the original Plan.

The District is part of, and will facilitate achieving, the objectives of the Beer Line “A” Redevelopment Project Area established by the Redevelopment Authority of the City of Milwaukee (RACM) pursuant to section 66.1333, Wis. Stats.”

Sub-Section D, “Proposed Public Action,” is deleted and restated, as follows:

“ D. Proposed Public Action

The District has, to date, funded certain costs of the riverwalk extension in connection with the adaptive reuse of the power plant as the office building now occupied by Time Warner. Those costs, including interest thereon, have been paid, in their entirety, from incremental tax revenue generated by the District.

The City, acting through RACM, now intends to fund the following in connection with Amendment No. 1 to the Project Plan:

- Construction of a parking structure (to be owned by RACM) located at the northeast corner of W. Cherry St. and North M.L. King Dr., containing approximately 1270 parking spaces;
- Construction of a riverwalk segment along the Milwaukee River to complete the riverwalk link between W. Cherry and W. McKinley Streets.
- Construction of an access road between the riverwalk and the Manpower office building, linking Cherry St. to extended Vliet Street.
- A loan to RiverBend Place LLC, developer of the Manpower office building, in the amount of \$3 million.
- A grant to RiverBend Place LLC, in the maximum amount of \$1.7 million.”

II. PLAN PROPOSALS

Sub-Section B (1)(b), “Compliance with Statutory Requirements”, is deleted and restated as follows:

“B(1)(b): The number and location of the proposed public works and improvements are shown on Map No. 3, titled Proposed Improvements and Uses, and are listed below:

1. Grant to the Redevelopment Authority under section 66.1333(13), Wis. Stats., to provide funding for the construction of a public riverwalk on the west side of the Milwaukee River between W. McKinley Ave., and W. Cherry Street, and an access road between the riverwalk and the Manpower office building, linking Cherry St. to extended Vliet Street.
2. Grant to the Redevelopment Authority under section 66.1333(13), Wis. Stats., to provide funding for a parking structure (to be owned by RACM) located at the northeast corner of W. Cherry St. and North M.L. King Dr., containing approximately 1270 parking spaces.
3. Grant to RACM to provide funding for a loan and a grant to RiverBend Place LLC.”

Table A of Sub-section B(2), “Detailed List of Estimated Project Costs,” is deleted and restated, as follows:

Table A
List of Estimated Project Costs¹

a.	Capital Costs:	
	To Date (Riverwalk)	\$2,266,000
	Amendment No. 1; Grants to RACM for:	
	Parking Structure; Riverwalk; Access Road	\$20,600,000
	Loan to RiverBend LLC	3,000,000
	Grant to RiverBend LLC	1,700,000
	Job Training Program	250,000
	Sub-Total Amendment No. 1	25,550,000
b.	Administrative Costs	150,000
	Total Estimated Project Costs, excluding financing	27,966,000
c.	Financing Costs	
	To Date	293,330
	Amendment No. 1	15,230,000
	Total Interest	15,523,330

Schedule A of Sub-Section B(3), “Description of Timing and Methods of Financing” is deleted and restated, as follows:

Schedule A
Estimated Timing of Project Costs

Year	Estimated Project Costs	Cumulative Total
2001		
2002 - 2005	2,266,000	2,266,000
2006	17,200,000	19,466,000
2007	8,500,000	27,966,000

¹ The City of Milwaukee and RACM reserve the right to make only those improvements and to undertake only those activities that are deemed economically feasible and appropriate during the course of project implementation and which are commensurate with positive growth in the tax increment. The improvements necessitated by this project may be modified as to kind, number, location and the costs reallocated at any time during project execution based on more definitive architectural or engineering studies or construction plans without further amendment of this plan.

Sub-Section B(3)(b), “Estimated Method of Financing Project Costs”, is deleted and restated as follows:

“B(3)(b): Estimated Method of Financing Project Costs.

Project costs will be funded with the balance of funds available in the Project Account for TID 41, as well as the proceeds of General Obligation bonds or Revenue Bonds issued by the City of Milwaukee or RACM.”

Sub-Section 4, “Economic Feasibility Study” is deleted and restated as follows:

“4. Economic Feasibility Study

The Economic Feasibility Study for Amendment No. 1 to this plan, prepared by S.F. Friedman & Co. and titled Economic Feasibility Study, Tax Incremental District No. 41, Amendment No. 1, is attached hereto as Exhibit 2.

Based upon the anticipated tax incremental revenue, and loan payment revenue, to be generated by this project, the District shows a cumulative surplus by 2026, one year before the statutory termination date of the District. Accordingly, the District is determined to be feasible.”

Sub-Section 6, “Map Showing Proposed Improvements and Uses:” Map 3 is deleted and restated as attached.

Sub-Section 8, “List of Non-Project Costs,” is deleted and restated as follows:

“8. List of Non-Project Costs

To date, the District has achieved an incremental property value of \$38.5 million. Assessed values in the District were \$26 million for real estate and a like amount in taxable personal property. All of the increment has been generated by the Time Warner development.

The Manpower and North Power House developments are expected to add an additional \$50 million to the District’s value.”

ATTACHMENTS

Map 3: Proposed Improvements

Exhibit 1: Term Sheet

Exhibit 2: Feasibility Study