

**BUSINESS IMPROVEMENT DISTRICT NO. 21
MILWAUKEE DOWNTOWN
YEAR ELEVEN OPERATING PLAN**

SEPTEMBER 13, 2007

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I. INTRODUCTION

Under Wisconsin Statutes section 66.1109, cities are authorized to create Business Improvement Districts ("BIDs") upon the petition of at least one property owner within the proposed district. The purpose of the BID statute is ". . . to allow businesses within those districts to develop, to manage and promote the districts and to establish an assessment method to fund these activities." 1983 Wis. Act 184, Section 1, legislative declaration. See Appendix A.

On or about July 16, 1997, the City of Milwaukee (the "City") received a petition from property owners which requested creation of a BID known as the Milwaukee Downtown Management District (the "District"). On October 14, 1997, the Common Council of the City of Milwaukee adopted resolution no. 970900, creating the District and approving the initial operating plan for the District (the "Initial Operating Plan"). On November 4, 1997, the Mayor of the City appointed members to the board of the District (the "Board") in accordance with the requirements set forth in Article III.D. of the Initial Operating Plan. The purpose of the District is to sustain the competitiveness of Downtown and ensure a safe, clean environment conducive to business activity. In this regard, the District is authorized to manage and maintain services which supplement those services currently provided by the City to owners and occupants in the District.

Pursuant to the BID statute, this Year Eleven Operating Plan (the "Operating Plan") for the District has been prepared to establish the services proposed to be offered by the District, proposed expenditures by the District and the special assessment method applicable to properties within the District for its eleventh year of operation. This Plan has been developed by the District Board with technical assistance from the Department of City Development, the Department of Public Works and the Police Department.

II. DISTRICT BOUNDARIES

The District boundaries cover approximately 120 square blocks and encompass the City's Downtown. The District boundaries include North 4th Street and North 10th Street to the west; West St. Paul Avenue, the Menomonee River, and West Clybourn Street to the south; Lake Michigan to the east and Schlitz Park to the north. Boundaries of the BID are shown in Appendix B of this Operating Plan. A narrative listing of the properties included in the District is set forth in Appendix C.

III. PROPOSED OPERATING PLAN

A. Plan Objectives

The objectives of the District are to increase pedestrian traffic Downtown and to better enable Downtown to compete for customers with suburban residential and commercial areas. The District proposes to achieve its objectives by, among other methods, supplementing the maintenance and security services provided by the City in order to increase the safety and cleanliness (and the perceived safety and cleanliness) of Downtown. The City will continue to provide its current level of maintenance and policing services. The City and the District have entered into the cooperation agreement on file in the District's office (the "Cooperation Agreement"). The District also seeks to achieve its objectives by marketing Downtown as a great place to live, work and play and by working with like-minded associates to attract and retain businesses.

B. Proposed Activities

The District offers Downtown owners and occupants additional safety personnel, enhanced sidewalk cleaning, supplemental public space maintenance and integrated marketing and promotional services to complement the base level of services currently being provided by the City. As a supplement to City services, the District retains and manages its own safety and maintenance staff and develops and implements its own marketing initiatives. The District has also hired an executive director, who reports to the Board, to implement and manage the day to day activities of the District and to supervise all District staff and independent contractors. The following are the activities proposed by the District for calendar year 2008. The District may, from time to time and as it deems necessary, adjust the size and scope of the activities and staffing levels described below, but only so long as such adjustments in activities and staff are part of the activities identified in this Operating Plan. The District may not undertake new activities except as included in duly approved operating plans for future years.

1. Public Service Ambassadors Program. The District will continue to sponsor a Public Service Ambassador Program to provide safety and goodwill services to Downtown, supplemental to existing City police services. The aim of the program is to increase the public's comfort and sense of security through a visible, uniformed presence in addition to law enforcement.

The District may implement this program either by hiring staff directly or by hiring independent contractors to provide staff. In either case, a PSA director, who will report to the executive director, will be hired to manage this program, hire and supervise staff and maintain communications with police. Public Service Ambassadors ("PSAs"), including shift supervisors, will be retained to provide up to 47,000 on-duty hours. The District, in cooperation with the City Police Department, the Greater Milwaukee Convention and Visitor's Bureau, the Shops at Grand Avenue and other City departments and resources, will develop an intensive initial training program, as well as on-going in-service and field training, for PSAs. Training will focus on available City services, preventing and reporting crime, dealing with panhandlers and the homeless, applicable sanitation and building codes, radio communications, first aid and CPR, Milwaukee history and local attractions, general retailing (as sponsored by management for the Shops at Grand Avenue), communications skills and interactions with residents and visitors. For a portion of their training PSAs will be paired with police officers or experienced PSAs patrolling their beats. Training will be supplemented by a book of Operating Rules and Procedures serving as a guide for handling both common and unusual incidents.

Following their training, uniformed but unarmed PSAs will be assigned "beats" to patrol on foot. Beat assignments will be based on the amount of foot traffic in the area, hours of business operation, special event schedules, police beat assignments and crime statistics and trends. Generally, PSAs will be deployed on beats to maximize the provision of security services during peak hours like weekday lunch hours, before and after business hours and for special events. During weekday shifts, "beats" will range from 10 to 16 blocks. During evenings and on weekends, PSAs will be deployed in a more concentrated area where people congregate. In addition to the previously described "beats", a beat may include The Shops of Grand Avenue Guest Services Center and/or any other indoor venue, so long as providing PSA services at such venue furthers the purposes outlined in this Operating Plan and any services unique to the indoor venue are provided on a revenue-neutral basis so that the District avoids incurring any costs disproportionately benefiting any individual property owner. A schedule for deploying PSAs on their beats shall be developed by the District's executive director together

with the PSA director and altered as appropriate for weather, redeployment for special events and for changing circumstances.

PSAs' primary responsibilities will be to assist and direct workers, shoppers and visitors and to observe and report suspicious behavior. PSAs must familiarize themselves with the businesses and residents in their beats and be able to recognize suspicious behavior. PSAs will be supplied with uniforms to create an official but approachable appearance and will be equipped with two-way radios to report any incidents to a PSA supervisor/dispatcher linked directly to the City Police Department. One PSA supervisor/dispatcher shall be on duty whenever PSAs are on patrol. Using two-way radios and telephones, the PSA supervisor will maintain communications among PSAs, other Downtown security personnel and City police.

The City Police Department shall provide the District with the ability to monitor police calls for service. The District will permit any on-duty police officers assigned to the Downtown area to work out of the District office. The agreement between the District and the City Police Department regarding services to be provided is more fully described in the letter from Chief of Police Arthur L. Jones dated July 17, 1997 on file in the District's office.

The District will pursue partnerships with other service providers. These partnerships may include development of a policy for referring panhandlers and the homeless to appropriate resources and/or working with other Downtown security resources to share information and develop response strategies.

2. Clean Sweep Ambassadors Program. The District will continue to sponsor a Clean Sweep Ambassador Program to provide additional sidewalk cleaning and public space maintenance, to implement special projects and, more generally, to introduce an active, positive force in Downtown.

The District may provide cleaning, maintenance, graffiti removal and landscaping services in any manner deemed reasonable by the District Board, including hiring staff directly or hiring independent contractors to provide staff. In any event, a CSA director will be selected, who will report to the District's executive director, to manage this program, hire and supervise staff and serve as a liaison among City departments and property owners and businesses.

During the summer months, a minimum of 12 full-time equivalent Clean Sweep Ambassadors ("CSAs") will report directly to the CSA director. Fewer CSAs may service the District during the winter months. Full-time CSA staff will be trained in maintenance, safety and informational services and furnished with identifiable uniforms. In addition, the District may retain other staff and/or independent contractors as it deems reasonable to perform the tasks necessary to implement the program.

The maintenance efforts of CSAs, other staff and independent contractors retained, paid and uniformed by the District will complement the efforts of the City Department of Public Works. CSAs will manually sweep sidewalks and riverwalks, pick up litter and remove graffiti each day. Weather permitting, CSAs will mechanically sweep public sidewalks and riverwalks in a rotation consistent with the City's street sweeping schedule--with approximately one fifth of the District being swept each working day. From April through October, CSAs will also power wash and steam clean sidewalks and clean, maintain, water, plant and weed tree wells and planters. CSAs will be assigned "beats" depending on the public use of the area and the need for services. A schedule for deploying CSAs and their tasks, shall be developed by the District's executive director and the CSA director and altered as appropriate for restrictions imposed by weather and redeployment as necessary in the judgment of District staff.

In addition to their daily cleaning and maintenance duties, the District may deploy CSAs to accomplish special projects. These projects may range from the installation and removal of holiday lights to set up and clean up for special events.

In servicing all aspects of the CSA program, CSAs and other staff servicing this program will maintain a friendly and helpful presence Downtown. Working during busy hours in recognizable uniforms, they will create an aura, not only of cleanliness, but also of safety. CSAs will be trained in crime resistance and to furnish helpful information and directions to residents and visitors. CSAs will remain in contact with the District office and its other resources using two-way radios or cellular telephones.

3. Business Recruitment and Retention; Marketing Initiatives.
District staff will coordinate and/or contract to implement public

relations programming to promote the cleaner, safer, friendlier Downtown being created through District efforts. Marketing and programming will aim to encourage increased use of Downtown, to attract businesses to locate and remain and expand in Downtown and to convince both constituents of the District and potential users that Downtown is a positive destination with unique qualities and amenities.

District staff will continue the District's marketing efforts commenced in previous years of operation, including utilizing the graphics package developed and materials purchased. District staff will organize an internal communications program to inform members about District activities and benefits. Internal communications may include a semi-annual newsletter, an annual report and various print and e-mail notices. District staff will maintain an umbrella-advertising theme, graphics package and media relations program. District staff will cross sell Downtown's assets with various seasonal promotions, including a Grand Rapids high-speed ferry promotion, if available.

In addition, District staff will develop and/or contract for other marketing initiatives, attractions and/or events promoting Downtown. Among these marketing initiatives, the District will continue the comprehensive marketing campaign targeted at residents in the area including Milwaukee, Waukesha, Ozaukee, Washington, Racine and Kenosha Counties, and upgrade marketing to other target markets such as the Fox Valley and Northern Illinois. The campaign may include public relations and advertising on busboards, billboards, news coverage and in print, television and radio ads to reinforce positive impressions and to encourage businesses, residents and tourists to locate within and use Downtown. The District has purchased and will maintain traveling information kiosks and/or similar devices which may be staffed and deployed at various events (inside and outside of Downtown) to increase District visibility and outreach.

The District may undertake other marketing initiatives and programming reasonably estimated to attract and retain businesses, residents and tourists to Downtown as deemed appropriate by the District Board. Specifically, the District may cooperate and/or contract with other like-minded associates to solicit and collect data about Downtown businesses and the Downtown real estate market

and to proactively identify and address property owner concerns. The District may also sponsor or co-sponsor special events such as Downtown Dining Week, Downtown Employee Appreciation Week and Kidz in the Park.

Finally, the District will continue its sponsorship of holiday lighting each November. Each year, the District will cause lighting purchased by the District in previous years and remaining in good condition to be reinstalled. In addition, the District may spend and/or solicit additional money as it deems necessary to purchase additional and/or replacement holiday lighting. For the winter of 2007-2008, the District will sponsor the ninth annual Holiday Lights Festival in Downtown. This festival will continue previous year's street lighting efforts, encourage private owner roofline lighting and implement intense lighting displays in select Downtown parks such as Pere Marquette Park, Ziedler Union Square and Cathedral Square.

The District may contract with Milwaukee Downtown, Inc. to coordinate and implement the marketing initiatives described above, as well as related activities. In connection with contracting with Milwaukee Downtown, Inc., the District intends to donate \$640,000 to Milwaukee Downtown, Inc. to provide operating funds necessary to implement marketing initiatives and related activities.

C. Proposed Expenditures and Financing Method

The 2008 proposed annual operating budget for the District is \$3,088,610. \$2,852,110 will be the amount received from District assessments. \$236,500 is additional income that is anticipated to come from several sources, including voluntary contributions from tax-exempt properties. See Appendix D. Of these amounts, \$897,000 will finance the Public Service Ambassadors Program, \$894,550 will fund the Clean Sweep Ambassadors Program, \$716,060 will pay for public information, marketing and promotions, \$166,000 will be devoted to business retention and recruitment efforts and \$415,000 will be reserved for administrative expenses and a contingency (including, without limitation, the salaries of a full-time executive director and other District staff, legal fees, insurance costs and office expenses). In the event that the Board reasonably determines that amounts allocated to any particular program are not needed for that program, unneeded amounts for one program may be used for another program. In addition, any funds collected but unspent pursuant to previous years' operating plans and any unanticipated voluntary contributions or

other income will be made available in 2008 (for any purpose set forth in this Operating Plan, including without limitation for public information, marketing, promotions and/or business retention and recruitment efforts). The Board shall have the authority and responsibility to prioritize expenditures and to revise the budget as necessary to match the funds actually available.

The Board shall approve an annual operating budget for the District each year. Prior to approving any annual operating budget, the District will mail a public hearing notice and make available a copy of the proposed annual operating plan and budget to all owners of real property within the District. In addition, a Class 2 notice of the public hearing will be published in a local newspaper of general circulation, and the notice, annual operating plan and budget will be posted on the District's website. The District Board will hold a public hearing and approve the annual operating plan and budget for the District for that year. If any year's annual operating budget exceeds the prior year's annual operating budget by 4% or more, such budget must be approved by a 2/3 majority of the entire District Board. (This Year Eleven Operating Plan was unanimously approved by 13 Board members in attendance at the Board meeting of September 13, 2007.) Any capital improvements costing more than \$10,000 each or \$30,000 in the aggregate for any one year must be approved by a 2/3 majority of the entire District Board. For the purposes of this Operating Plan, "capital improvement" means any physical item that is permanently affixed to real estate including, without limitation, street lighting and sidewalk improvements. The term "capital improvement" shall not include, among other things, any maintenance equipment or supply, any communications equipment, any vehicles, any seasonal improvement or any holiday lighting or decorations. After the District Board has approved the annual operating plan and budget, they will be sent to the City for approval, adoption and inclusion in the City's annual budget for that year.

The 2007 assessed valuation of all property subject to assessment within the proposed District boundaries was approximately \$2,008,274,605. The method of assessing annual operating expenses against properties located within the District is set forth in Article IV of this Operating Plan. Any change in the method of assessing annual operating expenses against properties located within the District must be approved by a 3/4 majority of the entire District Board and a majority of the Common Council of the City. Subsequent revisions to this Operating Plan will specify any additional assessment methodologies and amounts for operating expenses. In addition, if any year's annual aggregate assessment to property owners

exceeds the prior year's annual aggregate assessment by 6% or more, such increased assessment must be approved by the owners of property assessed by the District having a property tax assessed valuation equal to at least 3/4 of the aggregate property tax assessed valuation of all property assessed by the District.

The District may not borrow funds without approval of a 2/3 majority of the entire District Board.

D. Organization of the District Board

The Mayor shall appoint members to the District Board. The Board shall be responsible for implementation of this Operating Plan. This requires the Board to negotiate with providers of services and materials to carry out the Operating Plan; to enter into various contracts; to monitor the effectiveness of the District's activities, to ensure compliance with the provisions of applicable statutes and regulations; and to make reimbursements for any overpayments of District assessments.

Wisconsin Statutes section 66.1109(3)(a) requires that the Board be composed of at least five members and that a majority of the Board members be owners or occupants of property within the District.

The Board shall be structured and operate as follows:

1. Board size - 19 members.
2. Composition -
 - (a) Three members shall be representatives of each of the three largest (as measured by assessed valuation) multi-tenant office buildings in the District. In 2008, U.S. Bank Center (777 and 811 East Wisconsin Avenue), 411 East Wisconsin Avenue and Plaza East (330 East Kilbourn Avenue) are the three largest office buildings.
 - (b) Two members shall be representatives of the fourth through the ninth largest (as measured by assessed valuation) multi-tenant office buildings in the District. In 2008, 100 East Wisconsin Avenue, 875 East Wisconsin Avenue, Chase Bank (111 East Wisconsin Avenue), The Milwaukee Center (107 East Kilbourn Avenue), the M&I Bank Building (778

North Water Street) and Schlitz RiverCenter (1505 North RiverCenter Drive) are the fourth through the ninth largest multi-tenant office buildings.

- (c) Three members shall be representatives of any multi-tenant office buildings in the District.
- (d) Three members shall be representatives of owner-occupied or single tenant buildings in the District with assessed valuations in excess of \$5,000,000. One member from this category shall be a representative of The Northwestern Mutual Life Insurance Company.
- (e) One member will be a designee of The Shops of Grand Avenue or its successors and assigns.
- (f) Two members shall be owners or operators of street-level retail businesses located within the District (which businesses may include, without limitation, restaurants).
- (g) Two members shall be representatives of hotels located within the District. Such hotels shall not be owned or controlled by the same entity or individuals.
- (h) One member shall be a representative of a tax-exempt entity making a voluntary contribution to the District of not less than \$59,809 in the year 2008, which minimum contribution shall increase each year by the proportionate increase in the District operating budget for that year.
- (i) Two members shall be "at large" members who shall not represent any particular constituency but who shall be owners and/or occupants of real property located within the District used for commercial purposes.

For purposes of measuring the assessed valuations of any building or site set forth above, all contiguous buildings and/or sites connected above- or below-ground, separated only by an intervening street and with identical ownership shall be included as one building or site. (For example, the U.S. Bank Center, consisting of property located at 777 and 811 East Wisconsin Avenue, constitutes one site.) Each year, the Board shall reconfirm the assessed valuations, ownerships

and occupancies of all properties located within the District. If the assessed valuation, ownership or occupancy of any particular building or site in any year ceases to satisfy the criteria set forth above, the Board shall rearrange such building or site in the appropriate category. In addition to the composition requirements set forth above, one member of the Board shall also be a member of the board of directors of Westtown Association as long as the Westtown Association remains in existence, and one member of the Board shall also be a member of the board of directors of East Town Association as long as the East Town Association remains in existence. In satisfying the categories for Board members set forth above, the geographic representation of Board members shall be varied to the extent possible.

3. Term - Appointments to the Board shall generally be for a period of three years, except that the "at large" members designated under subparagraph 2(i) above shall be appointed for a period of two years. To the extent possible, the terms of members representing each of the categories set forth in subparagraph (2) above shall be staggered so that the terms of not more than 60% of the representatives of any one category shall expire simultaneously.
4. Compensation - None.
5. Meetings - All meetings of the Board shall be governed by the Wisconsin Open Meetings Law if and as legally required.
6. Record Keeping - Files and records of the Board's affairs shall be kept pursuant to public record requirements.
7. Staffing and Office - The Board may employ staff and/or contract for staffing services pursuant to this Operating Plan and subsequent modifications thereof. In 2008, the Board shall employ, at minimum, a full-time executive director, a full-time administrative assistant and at least one intern. The Board shall maintain an office for the District, which shall be centrally located in Downtown. The District's current office is located at 600 East Wells Street, but such office may be relocated as the District Board deems reasonable. All District staff, including PSAs and CSAs, may work out of the District office.

8. Meetings - The Board shall meet regularly, at least once every three months. The Board has adopted rules of order (by-laws) to govern the conduct of its meetings.
9. Executive Committee - The Board shall elect from its members a chair, a vice-chair, a secretary, a treasurer and an assistant secretary who shall comprise an Executive Committee of the Board. At least one member of the Executive Committee shall be elected from the category of members set forth in subparagraphs (2)(a) or (b) above. Moreover, the member representing The Northwestern Mutual Life Insurance Company under subparagraph (2)(d) above shall be elected to some office on the Executive Committee. The Executive Committee shall be authorized to oversee the day to day operations of the District, subject to the by-laws adopted by the Board.
10. Non-voting Members - At the option of a majority of the members of the Board, representatives of the Greater Milwaukee Convention and Visitors Bureau, the Milwaukee Development Corporation, the Metropolitan Milwaukee Association of Commerce (and/or similar organizations) may be invited to attend meetings of the Board or Executive Committee as nonvoting members.

E. RELATIONSHIP TO MILWAUKEE DOWNTOWN, INC. AND ALLIANCE FOR DOWNTOWN PARKING AND TRANSPORTATION, INC.

The District is a separate entity from Milwaukee Downtown, Inc., a private, not for profit corporation, exempt from taxation under section 501(c)(3) of the Internal Revenue Code, notwithstanding the fact that some or all of the members, officers and directors of each entity may be shared. Milwaukee Downtown, Inc. shall remain a private organization, not subject to the open meeting law, and not subject to the public records law except for its records generated in connection with the Board. The Board may contract with Milwaukee Downtown, Inc. to provide marketing and promotional services to the District and donate operating funds to Milwaukee Downtown, Inc. to facilitate the provision of such services, all in accordance with this Operating Plan.

The District and Milwaukee Downtown, Inc. are also separate entities from Alliance for Downtown Parking and Transportation, Inc. (the "Alliance"), a private, not for profit corporation, notwithstanding the fact that the District Board appoints all members to the board of directors of the Alliance. The Alliance shall remain a private organization, not subject to the open meeting law, and not subject

to the public records law except for its records generated in connection with the Board. The Board may work in tandem with the Alliance and other Downtown commercial organizations to improve and mitigate adverse parking and transportation issues impacting Downtown Milwaukee and to promote positive parking and transportation options within the area, consistent with the purposes of this Operating Plan.

IV. METHOD OF ASSESSMENT

A. Annual Assessment Rate and Method

The annual assessment for District operating expenses will be levied against each property within the District in direct proportion to the current assessed value of each property for real property tax purposes as of the date the District held the public hearing regarding its Year Eleven Operating Plan (September 13, 2007). No owner of property within the District shall be eligible to receive or be subject to any reductions or increases in its assessment as a result of a decrease or increase in the assessed value for their property occurring after such date. In addition, the amount of an assessment against a particular property may change from year to year if that property's assessed value changes relative to other properties within the District.

Appendix C identifies each property included in the District and shows the proposed BID assessment for each property for the eleventh year of operation. Such proposed assessments are based on the assessed value and classification estimated in 2007 pursuant to the foregoing formula.

In addition, any amounts due to the District from a property owner pursuant to a contract between the District and the property owner may, at the option of the District Board, become a special assessment or special charge against that property upon 30 days' prior written notice to the property owner.

B. Excluded and Exempt Property

The BID statute requires explicit consideration of certain classes of property. In compliance with the law, the following statements are provided.

1. Wisconsin Statutes section 66.1109(1)(f)(1m): The District will contain property used exclusively for manufacturing purposes, as well as properties used in part for manufacturing. These properties

will be assessed according to the method set forth in this Operating Plan because it is assumed that they will benefit from development in the District.

2. Wisconsin Statutes section 66.1109(5)(a): Property used exclusively for residential purposes will not be assessed. Mixed use properties containing some residential use will be fully assessed by the District.
3. Consistent with Wisconsin Statutes section 66.1109(5)(a), property within the District boundaries but exempt from general real estate taxes under Wisconsin Statutes section 70.11 may not be specially assessed by the District but will be asked to make a financial contribution to the District on a voluntary basis. Funds collected in this manner in any given year may be used in any manner deemed appropriate by the Board. In addition, consistent with Wisconsin Statutes section 66.1109(1)(b), those tax exempt properties within the original or amended boundaries of the District which later become taxable shall automatically become included within the District and subject to assessment under any current operating plan without necessity to undertake any other act.

V. PROMOTION OF ORDERLY DEVELOPMENT OF THE CITY

A. Enhanced Safety and Cleanliness

Under Wisconsin Statutes section 66.1109(1)(f)(4), this Operating Plan is required to specify how the creation of the District promotes the orderly development of the City. The District will enhance the safety and cleanliness of Downtown and, consequently, encourage commerce in the City. Increased business activity in the City will increase sales tax revenues and property tax base.

B. City Role in District Operation

The City has committed to assisting owners and occupants in the District to promote its objectives. To this end, the City has played a significant role in creation of the District and in the implementation of this Operating Plan. In furtherance of its commitment, the City shall:

1. Perform its obligations and covenants under the Cooperation Agreement.

2. Provide technical assistance to the District in the adoption of this and subsequent operating plans and provide such other assistance as may be appropriate.
3. Collect assessments, maintain the same in a segregated account and disburse monies to the Board.
4. Receive annual audits as required per Wisconsin Statutes section 66.1109(3)(c).
5. Provide the Board, through the Office of Assessment, on or before July 1 of each year, and periodically update, with the official City records on the assessed value of each tax key number within the District as of January 1 of each year for purposes of calculating the District assessments.
6. Promptly appoint and confirm members to the Board, consistent with this Operating Plan.

VI. PLAN APPROVAL PROCESS

A. Public Review Process

The BID statute establishes a specific process for reviewing and approving operating plans. Pursuant to the statutory requirements, the following process will be followed:

1. The District shall submit its proposed Operating Plan to the Department of City Development.
2. The Economic Development Committee of the Common Council will review the proposed Operating Plan at a public meeting and will make a recommendation to the full Common Council.
3. The Common Council will act on the proposed Operating Plan.
4. If adopted by the Common Council, the proposed Operating Plan is sent to the Mayor for his approval.
5. If approved by the Mayor, this Year Eleven Operating Plan for the District is approved and the Mayor will appoint, in accordance with

Article III.D., new members to the Board to replace Board members approved whose terms have expired or who have resigned.

VII. FUTURE YEAR OPERATING PLANS

A. Changes

It is anticipated that the District will continue to revise and develop this Operating Plan annually, in response to changing needs and opportunities in the District, in accordance with the purposes and objectives defined in this Operating Plan.

Wisconsin Statutes section 66.1109(3)(b) requires the Board and the City to annually review and make changes as appropriate in the Operating Plan. Therefore, while this document outlines in general terms proposed activities, information on specific assessed values, budget amounts and assessment amounts are based solely upon current conditions. Greater detail about subsequent years' activities will be provided in the required annual plan updates, and approval by the Common Council of such plan updates shall be conclusive evidence of compliance with this Operating Plan and the BID statute.

In later years, the District Operating Plan will continue to apply the assessment formula, as adjusted, to raise funds to meet the next annual budget. However, the method of assessing shall not be materially altered, except with the approval of a 3/4 majority of the entire District Board and consent of the City of Milwaukee. In addition, if any year's annual aggregate assessment to property owners exceeds the prior year's annual aggregate assessment by 6% or more, such increased assessment must be approved by the owners of property assessed by the District having a property tax assessed valuation equal to at least 3/4 of the aggregate property tax assessed valuation of all property assessed by the District. Further, as set forth in Article III.C. above, a 2/3 majority of the entire District Board must approve increases in the District operating budget exceeding 4% of the prior year's budget and capital improvement expenditures of over \$10,000 in any one instance or of \$30,000 in the aggregate in any one year.

B. Early Termination of the District

The City shall consider terminating the District if the owners of property assessed under the Operating Plan having a valuation equal to more than 50% of the valuation of all property assessed under the Operating Plan, using the method of valuation specified herein, or the owners of property assessed under the Operating Plan having an assessed valuation equal to more than 50% of the assessed valuation of all property assessed under the Operating Plan, file a petition with the City Plan Commission requesting termination of the District. On or after the date such a petition is filed, neither the Board nor the City may enter into any new obligations by contract or otherwise until the expiration of thirty (30) days after the date a public hearing is held and unless the District is not terminated.

Within thirty (30) days after filing of a petition, the City Plan Commission shall hold a public hearing on the proposed termination. Notice of the hearing shall be published as a Class 2 notice. Before publication, a copy of the notice with a copy of the Operating Plan and a copy of the detail map showing the boundaries of the District shall be sent by certified mail to all owners of real property within the District.

Within thirty (30) days after the date of such hearing, every owner of property assessed under the Operating Plan may send a written notice to the City Plan Commission indicating, if the owner signed a petition, that the owner retracts the owner's request to terminate the District or, if the owner did not sign the petition, that the owner requests termination of the District.

If, after the expiration of thirty (30) days after the date of the public hearing, by petition or subsequent notification and after subtracting any retractions, the owners of property assessed under the Operating Plan having a valuation equal to more than 50% of the valuation of all property assessed under the Operating Plan, using the method of valuation specified in the Operating Plan, or the owners of property assessed under the Operating Plan having an assessed valuation equal to more than 50% of the assessed valuation of all properties assessed under the Operating Plan have requested the termination of the District, the City shall terminate the District on the date that the obligation with the latest completion date entered into to implement the Operating Plan expires.

C. Amendment, Severability and Expansion

This District has been created under authority of Wisconsin Statutes section 66.1109. Except as set forth in the next sentence, should any court find any portion of this statute invalid or unconstitutional its decision will not invalidate or terminate the District and this Operating Plan shall be amended to conform to the law without need of re-establishment. Should any court find invalid or unconstitutional the organization of the entire District Board, any requirement for a 2/3 or 3/4 majority vote of the District Board, the budgeting process or the automatic termination provision of this or any subsequent Operating Plan, the District shall automatically terminate and this Operating Plan shall be of no further force and effect.

Should the legislature amend the statute to narrow or broaden the definition of a BID so as to exclude or include as assessable properties a certain class or classes of properties, then this Operating Plan may be amended by a 2/3 majority of the entire District Board and a majority of the Common Council of the City of Milwaukee as and when they conduct their annual Operating Plan approval and without necessity to undertake any other act. This is specifically authorized under section 66.1109(3)(b).

D. Automatic Termination Unless Affirmatively Extended.

The District Board shall not incur obligations extending beyond fifteen years from the date on which the District was created. At the end of the fifteenth year of the District's existence, the District Board shall prepare an operating plan for the sixteenth year that contemplates termination of the District at the commencement of the sixteenth year as set forth in Wisconsin Statutes section 66.1109(3)(b), unless the owners of property assessed by the District having a valuation equal to 60% of the valuation of all property assessed by the District affirmatively vote to continue the District.

In addition, the Board may elect by majority vote to terminate the District if the City is in default of any obligation or covenant of the City set forth in the Cooperation Agreement. In such event, the District shall terminate as set forth in Wisconsin Statutes section 66.1109(4m).

APPENDIX A

Wisconsin Statutes section 66.1109

66.1109 Business improvement districts. (1) In this section:

(a) "Board" means a business improvement district board appointed under sub. (3) (a).

(b) "Business improvement district" means an area within a municipality consisting of contiguous parcels and may include railroad rights-of-way, rivers, or highways continuously bounded by the parcels on at least one side, and shall include parcels that are contiguous to the district but that were not included in the original or amended boundaries of the district because the parcels were tax-exempt when the boundaries were determined and such parcels became taxable after the original or amended boundaries of the district were determined.

(c) "Chief executive officer" means a mayor, city manager, village president or town chairperson.

(d) "Local legislative body" means a common council, village board of trustees or town board of supervisors.

(e) "Municipality" means a city, village or town.

(f) "Operating plan" means a plan adopted or amended under this section for the development, redevelopment, maintenance, operation and promotion of a business improvement district, including all of the following:

1. The special assessment method applicable to the business improvement district.

1m. Whether real property used exclusively for manufacturing purposes will be specially assessed.

2. The kind, number and location of all proposed expenditures within the business improvement district.

3. A description of the methods of financing all estimated expenditures and the time when related costs will be incurred.

4. A description of how the creation of the business improvement district promotes the orderly development of the municipality, including its relationship to any municipal master plan.

5. A legal opinion that subs. 1. to 4. have been complied with.

(g) "Planning commission" means a plan commission under s. 62.23, or if none a board of public land commissioners, or if none a planning committee of the local legislative body.

(2) A municipality may create a business improvement district and adopt its operating plan if all of the following are met:

(a) An owner of real property used for commercial purposes and located in the proposed business improvement district designated under par. (b) has petitioned the municipality for creation of a business improvement district.

(b) The planning commission has designated a proposed business improvement district and adopted its proposed initial operating plan.

(c) At least 30 days before creation of the business improvement district and adoption of its initial operating plan by the municipality, the planning commission has held a public hearing on its proposed business improvement district and initial operating plan. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of the proposed initial operating plan and a copy of a detail map showing the boundaries of the proposed business improvement district shall be sent by certified mail to all owners of real property within the proposed business improvement district. The notices shall state the boundaries of the proposed business improvement district and shall indicate that copies of the proposed initial operating plan are available from the planning commission on request.

(d) Within 30 days after the hearing under par. (c), the owners of property to be assessed under the proposed initial operating plan having a valuation equal to more than 40% of the valuation of all property to be assessed under the proposed initial operating plan, using the method of valuation specified in the proposed initial operating plan, or the owners of property to be assessed under the proposed initial operating plan having an assessed valuation equal to more than 40% of the assessed valuation of all property to be assessed under the proposed initial operating plan, have not filed a petition with the planning commission protesting the proposed business improvement district or its proposed initial operating plan.

(e) The local legislative body has voted to adopt the proposed initial operating plan for the municipality.

(3) (a) The chief executive officer shall appoint members to a business improvement district board to implement the operating plan. Board members shall be confirmed by the local legislative body and shall serve staggered terms designated by the local legislative body. The board shall have at least 5 members. A majority of board members shall own or occupy real property in the business improvement district.

(b) The board shall annually consider and may make changes to the operating plan, which may include termination of the plan, for its business improvement district. The board shall then submit the operating plan to the local legislative body for its approval. If the local legislative body disapproves the operating plan, the board shall consider and may make changes to the operating plan and may continue to resubmit the operating plan until local legislative body approval is obtained. Any change to the special assessment method applicable to the business improvement district shall be approved by the local legislative body.

(c) The board shall prepare and make available to the public annual reports describing the current status of the business improvement district, including expenditures and revenues. The report shall include an independent certified audit of the implementation of the operating plan obtained by the municipality. The municipality shall obtain an additional independent certified audit upon termination of the business improvement district.

(d) Either the board or the municipality, as specified in the operating plan as adopted, or amended and approved under this section, has all powers necessary or convenient to implement the operating plan, including the power to contract.

(4) All special assessments received from a business improvement district and all other appropriations by the municipality or other moneys received for the benefit of the business improvement district shall be placed in a segregated account in the municipal treasury. No disbursements from the account may be made except to reimburse the municipality for appropriations other than special assessments, to pay the costs of audits required under sub. (3) (c) or an order of the board for the purpose of implementing the operating plan. On termination of the business improvement district by the municipality, all moneys collected by special assessment remaining in the account shall be disbursed to the owners of specially assessed property in the business improvement district, in the same proportion as the last collected special assessment.

(4m) A municipality shall terminate a business improvement district if the owners of property assessed under the operating plan having a valuation equal to more than 50% of the valuation of all property assessed under the operating plan, or the owners of property assessed under the operating plan having an assessed valuation equal to more than 50% of the assessed valuation of all property assessed under the operating plan, file a petition with the planning commission requesting termination of the business improvement district, subject to all of the following conditions:

(a) A petition may not be filed under this subsection earlier than one year after the date the municipality first adopts the operating plan for the business improvement district.

(b) On and after the date a petition is filed under this subsection, neither the board nor the municipality may enter into any new obligations by contract or otherwise to implement the operating plan until the expiration of 30 days after the date of hearing under par. (c) and unless the business improvement district is not terminated under par. (e).

(c) Within 30 days after the filing of a petition under this subsection, the planning commission shall hold a public hearing on the proposed termination. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of the operating plan and a copy of a detail map showing the boundaries of the business improvement district shall be sent by certified mail to all owners of real property within the business improvement district. The notice shall state the boundaries of the business improvement district and shall indicate that copies of the operating plan are available from the planning commission on request.

(d) Within 30 days after the date of hearing under par. (c), every owner of property assessed under the operating plan may send written notice to the planning commission indicating, if the owner signed a petition under this subsection, that the owner retracts the owner's request to terminate the business improvement district, or, if the owner did not sign the petition, that the owner requests termination of the business improvement district.

(e) If after the expiration of 30 days after the date of hearing under par. (c), by petition under this subsection or subsequent notification under par. (d), and after subtracting any retractions under par. (d), the owners of property assessed under the operating plan having a valuation equal to more than 50% of the valuation of all property assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property assessed under the operating plan having an assessed valuation equal to more than 50% of the assessed valuation of all property assessed under the operating plan, have requested the termination of the business improvement district, the municipality shall terminate the business improvement district on the date that the obligation with the latest completion date entered into to implement the operating plan expires.

(5) (a) Real property used exclusively for residential purposes and real property that is exempted from general property taxes under s. 70.11 may not be specially assessed for purposes of this section.

(b) A municipality may terminate a business improvement district at any time.

(c) This section does not limit the power of a municipality under other law to regulate the use of or specially assess real property.

APPENDIX B

Map of District Boundaries



MILWAUKEE DOWNTOWN

Milwaukee Downtown
Business Improvement District #21
600 East Wells Street
Milwaukee, Wisconsin 53202
414.220.4700
Fax 414.220.4710
www.milwaukeedowntown.com



APPENDIX C

Listing of Properties Included in the District

APPENDIX D
Proposed 2008 Budget (Subject to Change)

BUSINESS IMPROVEMENT DISTRICT #21
CLEAN*SAFE*FRIENDLY
2008 BUDGET

INCOME

2008 BID #21 Assessments	\$2,852,110
Additional Income	<u>\$ 236,500</u>
TOTAL INCOME	\$3,088,610

EXPENSES

Clean Sweep Ambassador Program

Sidewalk Cleaning	\$ 553,350
Landscaping	\$ 330,000
Graffiti Removal	<u>\$ 11,200</u>
	\$ 894,550 (29.0% of total)
Public Service Ambassador Program	\$ 897,000 (29.0% of total)
Administrative	\$ 415,000 (13.4% of total)
Public Information/Marketing	\$ 716,060 (23.2% of total)
Business Retention/Recruitment	<u>\$ 166,000</u> (5.4% of total)
TOTAL EXPENSES	\$3,088,610

APPENDIX E

Cooperation Agreement between District Board and City of Milwaukee

On file at District office.

APPENDIX F
City Attorney's Opinion

CITY OF MILWAUKEE

ERANT S. LANGLEY
City Attorney

RUDOLPH M. KONRAD
Deputy City Attorney

THOMAS E. HAYES
PATRICK B. McDONNELL
CHARLES R. THEIS
Special Deputy City Attorneys



OFFICE OF CITY ATTORNEY
800 CITY HALL
200 EAST WELLS STREET
MILWAUKEE, WISCONSIN 53202-3551
TELEPHONE (414) 286-2601
TDD 286-2025
FAX (414) 286-8550

BEVERLY A. TEN
THOMAS O. GAF
LINDA ULISS BU
BRUCE D. SCHRI
ROXANE L. CRAI
THOMAS G. GOE
SUSAN D. BUCKE
HAZEL MOSLEY
HARRY A. STEIN
STUART S. MUKO
THOMAS J. BEAN
JOHN J. HEINEN
MICHAEL G. TOB
DAVID J. STANHO
MARY M. KUHNIG
SUSAN E. LARPE
DAVID R. HALPER
JAN A. SMOKOW
PATRICIA A. FRIC
HEIDI WICK SPOI
VINCENT J. BOBK
KURT A. BEHLIK
GREGG C. HAGO
ELLEN H. TANGE
MELANIE R. SWAN
TRACY M. JOHNS
GREGORY POWE
MICHAEL A. VERI
Assistant City Attorn

August 6, 1997

Mr. Michael L. Morgan
Commissioner
Department of City Development
809 Building

Attention: Mr. Dan McCarthy

Dear Mr. Morgan:

Re: Proposed Downtown
Business Improvement District

Pursuant to your August 1, 1997 request, we have reviewed the initial operating plan for the proposed Downtown Business Improvement District. Based upon that review, it is our opinion that the plan complies with the provisions of sec. 66.608(1)(f)1-4, Stats. This legal opinion is being offered in accordance with the requirements of sec. 66.608(1)(f)5, Stats.

Finally, we note that the proposed operating plan of sec. III.A. states that "simultaneous with the approval of this Operating Plan by the City's Common Council, the City and the District shall enter into the cooperation agreement attached hereto as Appendix E (the 'Cooperation Agreement')." Because of this provision in the proposed operating plan, we advise that a file should be introduced into the Common Council which would allow the Council to consider and act upon the Cooperation Agreement at the

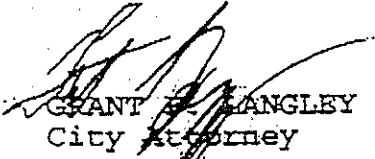
Mr. Michael L. Morgan

-2-

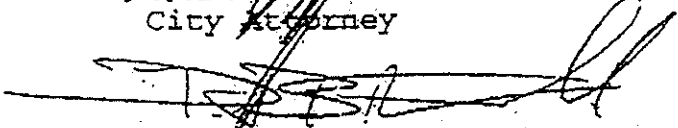
August 6, 1997

same time that it acts upon the proposed Downtown Business Improvement District initial operating plan.

Very truly yours,



GRANT P. LANGLEY
City Attorney



PATRICK B. McDONNELL
Special Deputy City Attorney

PBMCD:dms

Plm

APPENDIX G

By-Laws for the District Board

**BY-LAWS OF
BUSINESS IMPROVEMENT DISTRICT NO. 21**

Effective: As of October 14, 1997

Amended: As of May 10, 2001

ARTICLE I. NAME AND PURPOSE

Section 1: Name and Purpose

The District was created by the Common Council of the City of Milwaukee on October 14, 1997, by the adoption of ordinance no. 970900 and the approval of an initial operating plan pursuant to Wisconsin Statutes section 66.1109. The name of the District shall be Business Improvement District No. 21. The purpose of the District shall be to sustain the competitiveness of the downtown area in the City of Milwaukee and ensure a safe, clean environment conducive to business activity.

Section 2: Principal Office

The location of the principal office of the District shall be 600 West Wisconsin Avenue, Milwaukee, Wisconsin, or such other place as may be designated by the Board.

ARTICLE II. POWERS

The District shall have all powers permitted under Wisconsin Statutes section 66.1109, as it may be amended from time to time, provided that the District shall exercise its powers only in accordance with any current operating plan and these By-Laws.

ARTICLE III. BOARD

Section 1: Mayoral Appointment

Members shall be appointed to the Board by the Mayor of the City of Milwaukee pursuant to Wisconsin Statutes section 66.1109(3)(a) and the requirements of any current operating plan and these By-Laws.

Section 2: Number

The Board shall consist of seventeen (17) members.

Section 3: Membership

The Board shall be structured and operate as follows:

A. Composition -

(i) Three members shall be representatives of each of the three largest (as measured by assessed valuation) multi-tenant office buildings in the District.

(ii) Two members shall be representatives of the fourth through the ninth largest (as measured by assessed valuation) multi-tenant office buildings in the District.

(iii) Three members shall be representatives of any other multi-tenant office buildings in the District.

(iv) Three members shall be representatives of owner-occupied or single tenant buildings in the District with assessed valuations in excess of \$5,000,000. One member from this category shall be a representative of The Northwestern Mutual Life Insurance Company.

(v) One member will be a designee of The Grand Avenue Corporation or its successors and assigns.

(vi) Two members shall be owners or operators of street-level retail businesses located within the District (which businesses may include, without limitation, restaurants).

(vii) Two members shall be representatives of hotels located within the District. Such hotels shall not be owned or controlled by the same entity or individuals.

(viii) One member shall be a representative of a tax-exempt entity making a voluntary contribution to the District of not less than \$40,885 in the year 2002, which minimum contribution shall increase each year by the proportionate increase in the District operating budget for that year.

For purposes of measuring the assessed valuations of any building or site set forth above, all contiguous buildings and/or sites connected above- or below-ground, separated only by an intervening street and with identical ownership shall be

included as one building or site. (For example, the Firststar Center, consisting of property located at 777, 811 and 827 East Wisconsin Avenue, constitutes one site.) Each year, the Board shall reconfirm the assessed valuations, ownerships and occupancies of all properties located within the District. If the assessed valuation, ownership or occupancy of any particular building or site in any year ceases to satisfy the criteria set forth above, the Board shall rearrange such building or site in the appropriate category. In addition to the composition requirements set forth above, one member of the Board shall also be a member of the board of directors of Westown Association, as long as the Westown Association remains in existence, and one member of the Board shall also be a member of the board of directors of East Town Association, as long as the East Town Association remains in existence. In satisfying the categories for Board members set forth above, the geographic representation of Board members shall be varied to the extent possible.

B. Term - Appointments to the Board shall be for a period of three years, except that initially six members shall be appointed for a period of three years, six members shall be appointed for a period of two years, and five members shall be appointed for a period of one year. To the extent possible, the terms of members representing each of the categories set forth in subsection A. above shall be staggered so that the terms of not more than 60% of the representatives of any one category shall expire simultaneously.

C. Compensation - None.

D. Non-voting Members - At the option of a majority of the members of the Board, representatives of the Greater Milwaukee Convention and Visitors Bureau, the Milwaukee Redevelopment Corporation and/or the Metropolitan Milwaukee Association of Commerce may be invited to attend meetings of the Board or Executive Committee as nonvoting members.

Section 4: Resignation and Removal

A member of the Board may resign at any time by filing his or her resignation with the Chair of the Board.

Section 5: Vacancies

When a vacancy occurs on the Board, the Mayor shall appoint a replacement from that category of members set forth in the current operating plan and section 3.A. above from which the former member was appointed.

Section 6: Nominating Committee

The Chair shall appoint five members of the Board (other than members of the Executive Committee) to serve on a Nominating Committee. Within 30 days of the expiration of the term of any Board member or if any Board member resigns or otherwise ceases to be a Board member, the Nominating Committee shall, by majority vote, nominate a replacement for such Board member from that category of members set forth in the current operating plan and section 3.A. above from which such former member was appointed. The nomination of any replacement Board member shall be approved by majority vote of the entire Board and then forwarded to the Mayor for consideration.

ARTICLE IV. FUNCTIONS

The Board shall:

- A. Exercise the powers of the District, and promote the District's overall objectives, purposes and activities enumerated in any current operating plan.
- B. Prepare proposed operating plans and operating budgets each year as set forth in Article VI, section 1.
- C. Implement any current operating plan. In this regard, the Board may negotiate with providers of services and materials to carry out such operating plan, enter into various contracts, monitor the effectiveness of the District's activities, ensure compliance with the provisions of any current operating plan and applicable statutes and regulations and make reimbursements for any overpayments of district assessments.
- D. Manage the affairs of the District and receive and expend funds made available to them in strict accordance with the current operating plan.
- E. Monitor and enforce against the City of Milwaukee its obligations and covenants pursuant to the Cooperation Agreement dated November 4, 1997.
- F. Provide a permanent office, employ a full-time director for the District, employ legal, financial and technical experts, and other staff personnel (including, without limitation, a full-time administrative assistant) as may be necessary to assist in carrying out any current operating plan.

ARTICLE V. OFFICERS

Section 1: Number

The officers of the District Board shall consist of a Chair, a Vice Chair, a Secretary, a Treasurer and an Assistant Secretary.

Section 2: Election and Term

The officers shall be elected by the Board from among its members at its annual meeting. One officer shall be elected from the Board membership category set forth in section III(3)(A)(i) above, and one officer shall be the member representing The Northwestern Mutual Life Insurance Company pursuant to section III(3)(A)(iv) above. The officers shall serve terms concurrent with their terms on the Board.

Section 3: Vacancies

If an officer's seat becomes vacant, the Board shall elect a successor officer from among its members at the next regular meeting or special meeting.

Section 4: Duties of Officers

- A. Chair: Shall preside over all meetings of the Board and the District, shall make all appointments to committees and task forces, subject to the approval of the Board, and shall have the general powers and duties usually associated with the office, including, but not limited to, powers allowed pursuant to applicable laws to sign certificates, contracts and other instruments of the District which are authorized by the Board.
- B. Vice Chair: Shall serve in the Chair's stead if the Chair is unable to perform his or her duties and shall perform other duties as the Chair and the Board may direct. At such times, the Vice Chair shall have all of the powers of the Chair.
- C. Secretary: Shall be responsible for keeping and filing minutes of all meetings of the Board and the District, for compliance with open meetings law and public records requirements, and shall perform other duties as the Chair and Board may direct.
- D. Treasurer: Shall be responsible for keeping a record of all funds collected and spent, establishing necessary accounting procedures to assure

accuracy and accountability of the District, and shall perform other duties as the Chair and Board may direct.

E. Assistant Secretary: Shall serve in the stead of the Secretary or Treasurer if any such officer is unable to perform his or her duties and shall perform other duties as the Chair and Board may direct.

ARTICLE VI. MEETINGS

Section 1: Annual Meeting

The annual meeting of the Board shall be held each year during the month of September for the purposes of approving an operating plan and annual budget. Any annual budget which exceeds the prior year's budget by 4% or more must be approved by two-thirds majority of the entire Board without regard to quorum. Any capital improvements costing more than \$10,000 each or \$30,000 in the aggregate in any one year must be approved by two-thirds majority of the entire Board without regard to quorum. A "capital improvement" is any physical item that is permanently affixed to real estate including, without limitation, street lighting and sidewalk improvements. The term shall not include, among other things, any maintenance equipment or supply, any communications equipment, any vehicles, any seasonal improvement or any holiday lighting or decorations. In addition, if any year's annual aggregate assessment to property owners exceeds the prior year's annual aggregate assessment by 6% or more, such increased assessment must be approved by the owners of property assessed by the District having a property tax assessed valuation equal to at least 3/4 of the property tax assessed valuation of all property assessed by the District.

Section 2: Regular Meetings

The regular meeting of the Board shall be held at least four times per year at a time and place designated by the Chair. The time and place designated shall be during normal business hours of a regular business day and at some office within the District.

Section 3: Special Meetings

Special meetings of the Board may be called at the request of the Chair; or by a member of the Board by petition signed by at least one-third (or six members) of the Board and properly filed with the Secretary.

Section 4: Telephonic Attendance at Meetings

A Board member or members may request to participate in a scheduled Board meeting telephonically, and the Chair shall make reasonable efforts to accommodate such requests. The cost of participating telephonically in a regular or special meeting shall be paid by the District unless otherwise required by the Executive Committee. Any Board member participating in a meeting telephonically shall be counted towards the total number of Board members present for meeting quorum requirements provided for under section 6 below, and shall be permitted to vote on any matter before the Board at that meeting.

Section 5: Notice

Notice of all meetings shall be provided in accordance with the open meetings law if and as legally required. In addition, notice of each meeting shall be given to each member of the Board by written notice delivered through the mail or in person no less than one week prior to the meeting; such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. The failure of any member to receive actual notice shall not invalidate the meeting or any proceedings conducted at the meeting. Notice of special meetings shall be given not less than three days prior to the meeting. The presence of any member shall be deemed a waiver of notice as to such member unless such member objects at the opening of the meeting to the holding of the meeting because of failure to give proper notice. Members may waive notice of any meeting in writing to the Chair.

Section 6: Quorum

For the purposes of any regular or special meeting, nine (9) members of the Board shall constitute a quorum.

Section 7: Voting

At all meetings of the Board, each member shall have one vote. Proxy votes shall be permitted only to extent permitted by law.

Section 8: Minutes

The Board shall keep a correct and complete record of all District proceedings which shall be attested by the signature of the Secretary and made available to the public in accordance with public records requirements.

Section 9: Procedure

All meetings of the Board shall be governed by these By-Laws or Robert's Rules of Order in all matters not covered therein.

ARTICLE VII. AMENDMENTS

Except as set forth in the next sentence, these By-Laws may be amended by the affirmative vote of two-thirds of the entire Board without regard to quorum at a duly called meeting, provided the proposed amendment shall have been submitted in writing to all members at least ten days in advance of such meeting and made available to the public in accordance with requirements of the open meetings law if and as legally required. This Article VII, Article III, section 3 and Article VI, section 1 of these By-Laws may be amended only by the affirmative vote of three-fourths of the entire Board without regard to quorum at a duly-called meeting.

ARTICLE VIII. EXECUTIVE COMMITTEE

Section 1: Duties and Powers

The Executive Committee shall have full authority to implement decisions of Board and implement any current operating plan on behalf of the Board and the District between meetings of the Board.

Section 2: Composition

The Executive Committee shall consist of the elected officers of the Board, namely the Chair, Vice Chair, Secretary, Treasurer and Assistant Secretary.

Section 3: Term

The term of the members of the Executive Committee shall be coterminous with their term as elected officers of the Board.

Section 4: Vacancies

Vacancies in Executive Committee positions held by officers shall be filled by successor officers elected by the Board under Article V, section 3.

Section 5: Meetings

Meetings of the Executive Committee shall be held at a time and place selected by the Chair, provided that they shall be during normal business hours of a regular business day and in some office within the District. Special meetings of the Executive Committee shall be called by the Chair as needed.

Notice of all meetings shall be provided in accordance with the open meetings law if and as legally required. In addition, notice of any special meetings shall be given at least 48 hours prior to said meeting by written notice delivered personally or mailed to each Executive Committee member. Said notice may be waived with the consent of all Executive Committee members. Written notice of all regular meetings shall be given five (5) days in advance indicating time, place and agenda. Said notice may be waived by consent of all Executive Committee members.

A simple majority of the filled seats of the Executive Committee, but not less than three officers of the Board, shall constitute a quorum at any regular or special meeting of the Executive Committee.

Section 6: Telephone Attendance at Meetings

An Executive Committee member or members may request to participate in a scheduled Executive Committee meeting telephonically, and the Chair shall make reasonable efforts to accommodate such requests. The cost of participating telephonically in a regular or special meeting shall be paid by the District unless otherwise required by the Executive Committee. Any Executive Committee member participating in a meeting telephonically shall be counted towards the total number of Executive Committee members present for meeting quorum requirements provided for under section 5 above, and shall be permitted to vote on any matter before the Executive Committee at that meeting.

ARTICLE IX. INDEMNIFICATION, LIMITED LIABILITY AND INSURANCE

Section 1: Liability of Board Members and Officers

The members and officers of the Board shall not be liable to owners or occupants of property within the District arising out of or related to the creation or existence of the District or the Board or for any mistake of judgment, failure to adhere to the provisions of any operating plan or these By-Laws, negligence or otherwise, except for their own individual willful misconduct or bad faith. The District shall indemnify, defend and hold harmless each member and officer of the Board against all contractual liability (including, without limitation, reasonable

attorneys' fees and court costs) to others arising out of contracts made by the Board on behalf of the District unless any such contract shall have been made in bad faith. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the District. Anything herein to the contrary notwithstanding, the liability of the owners and occupants or property located within the District arising out of any contract made by the Board or out of the indemnity in favor of the members of the Board shall be shared by all owners and occupants of property subject to assessment by the District in proportion to the assessed valuation of their property relative to the total assessed valuation of property within the District, and the liability of any single owner or occupant shall be limited to such proportionate share of the total liability.

Section 2: Allowance of Expenses as Incurred

The Board may, upon written request by a Board member or officer, pay or reimburse his or her reasonable expenses as incurred in connection with the performance of his or her official duties as a Board member or officer.

Section 3: Severability of Provisions

The provisions of this Article and the several rights to indemnification, advancement of expenses and limitation of liability created hereby are independent and severable and, in the event that any such provision and/or right shall be held by a court of competent jurisdiction in which a proceeding relating to such provisions and/or right is brought to be against public policy or otherwise to be unenforceable, the other provisions of this Article shall remain enforceable and in full effect.

Section 4: Purchase of Insurance

The Board shall use its best efforts to purchase and maintain insurance on behalf of any person who is or was a Board member or officer of the District, to the extent that such Board member or officer is insurable and such insurance coverage can be secured by the Board at rates, and in amounts and subject to such terms and conditions as shall be determined in good faith to be reasonable and appropriate by the Board, and whose determination shall be conclusive, against liability asserted against or incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the District would have the power to indemnify him or her against such liability under the provisions of this Article.

Section 5: Benefit

The rights to indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall continue as to a person who has ceased to be a Board member or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 6: Amendment

No amendment or repeal of this Article shall be effective to reduce the obligations under this Article with respect to any proceeding based upon occurrences which take place prior to such amendment or repeal.

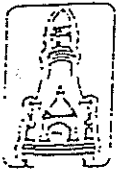
ARTICLE X. AUTOMATIC TERMINATION
UNLESS AFFIRMATIVELY EXTENDED

The District Board shall not incur obligations extending beyond ten years from the date on which the District was created. At the end of the tenth year of the District's existence, the District Board shall prepare an operating plan for the eleventh year that contemplates termination of the District at the commencement of the eleventh year as set forth in Wisconsin Statutes section 66.1109(3)(b), unless the owners of property assessed by the District having a valuation equal to 60% of the valuation of all property assessed by the District affirmatively vote to continue the District.

In addition, the Board may elect by majority vote to terminate the District if the City is in default of any obligation or covenant of the City set forth in the Cooperation Agreement. In such event, the District shall terminate as set forth in Wisconsin Statutes section 66.1109(4)(m).

APPENDIX H

Letter dated July 17, 1997 from Chief of Police Arthur L. Jones



City
of
Milwaukee

Police Department

Arthur L. Jones
Chief of Police

July 17, 1997

Mr. Thomas G. Bernacchi, CPM
Vice President
Towne Realty, Inc.
710 North Plankinton Avenue
Milwaukee, WI 53203

Dear Mr. Bernacchi:

I am in receipt of your letter dated July 16, wherein you discuss the level of services that the Milwaukee Police Department will provide to the new-Downtown Management Business Improvement District. The Milwaukee Police Department is proud to provide a high level of service to the people who work, live, and recreate in the downtown area. We look forward to working with this new partnership and providing services that will enhance the quality of life in the city of Milwaukee.

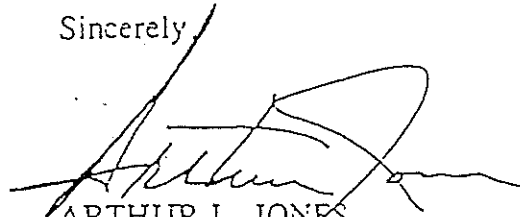
I have prepared a list of services that the Department will provide to the District to keep the downtown area safe. The list includes, but is not limited to, the following:

1. The Milwaukee Police Department will provide the level of staffing needed to meet the demand for service in the proposed new District. We will meet with members of the District to determine the need and types of services necessary to meet the demand on an as needed basis.
2. We will establish a point of contact and maintain a line of communication to assist the District in coordinating security efforts. This will include developing and conducting an intense training curriculum that will address crime prevention, crime analysis, personal safety, basic first responder, community relations, and other related issues.
3. We will make the District part of our cellular patrol that will provide it with direct access to police services. In addition, we will provide the District with the ability to monitor police calls for service.
4. The Milwaukee Police Department will ensure that the District's outreach office is used by the crime prevention officer and other officers patrolling in the District for the purpose of conducting police business.

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I am excited by the prospects for this new District. I extend my support and the cooperation of the entire Milwaukee Police Department in making this partnership successful for the parties involved and the citizens of the city of Milwaukee. If I can be of further assistance, please feel free to contact my office.

Sincerely



ARTHUR L. JONES
CHIEF OF POLICE

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