

**AMENDMENT TO PROJECT PLAN
FOR
TAX INCREMENTAL DISTRICT NO. 56
CITY OF MILWAUKEE**

Initial Joint Review Board Meeting: October 6, 2009

Public Hearing Held: October 15, 2009

Redevelopment Authority Approved: October 15, 2009

Common Council Approved:

Joint Review Board Approved:

AMENDMENT TO PROJECT PLAN

TAX INCREMENTAL DISTRICT NO. 56 (Erie Jefferson Riverwalk) CITY OF MILWAUKEE

BACKGROUND

The Tax Increment Law (Wis. Stats. Section 66.1105) allows tax increment districts, under certain circumstances, to donate revenues to other tax increment districts in the same municipality. Generally, these circumstances are:

- The “Donor” and the “Recipient” district must have the same overlying taxing jurisdictions;
- The amendment to donate funds must be made before the Donor district has recovered all of its project costs;
- The Recipient district must have been created upon a finding that not less than 50%, by area, of the real property in the district is blighted, or is in need of rehabilitation; or, its project plan provided funds to create or rehabilitate low-cost housing or to remediate environmental contamination;
- The Donor district, once established, cannot request or receive an extension to its life;
- The amount of the donated funds may not exceed the difference between the annual tax incremental revenue collected by the Donor district, and the funds needed to pay the Donor’s project costs or debt service in that year;
- Donations may be made for a period of five years, and upon additional approvals from the City and Joint Review Board, may be made for an additional five years, if needed. This second amendment must be made in the fourth year of the initial five-year donation period; and

The process of donating funds from one district to another is accomplished by the adoption of an amendment to the Donor district’s Project Plan, and is subject to approval by the Common Council, and Joint Review Board.

DONOR DISTRICT

Tax Incremental district No. 56 (Erie Jefferson Riverwalk) was approved by the Milwaukee Common Council on Sept. 23, 2004. Tax incremental revenue received from this district has totaled \$7,321,528, thru the “2008 for 2009” levy. Project costs, including principal and interest payments due, aggregate to \$6,848,916. Future project

costs are estimated at \$1,542,945, with additional interest payments of \$59,795. Future costs are for:

- Erie Street Plaza: \$575,000
- Domus Riverwalk: \$340,000
- DPW Encumbrances: \$65,913
- DPW Remaining Funds: \$562,032

Total costs are therefore estimated at \$8,451,656. Consequently, a total of \$1,130,128 is needed to be recovered from future incremental revenue. See Exhibit A for detail

The district has a statutory termination date of 2031.

Revenue generated by TID No. 56 in 2009 (from the 2008 levy) was \$2,851,400.

As set forth below, it is proposed that donations be made to two districts which have generated little or no incremental revenue and for which no private development is currently proposed.

RECIPIENT DISTRICTS

Tax Incremental District No. 35 (N. 27th & W. Wisconsin Ave.) was created as a “blighted-area” district by the Milwaukee Common Council on February 28, 1998. This district was created to fund the acquisition and clearance the vacant Maharishi Vedic University building (a former hotel) at 2601 W. Wisconsin Ave., and other properties on the block. Redevelopment plans proposed either a full-line grocery store or a mixed use project. Numerous projects have been proposed for this site, but none have come to fruition.

As of 12/08, total project costs of \$3,685,769 remained to be recovered.

TID No. 69 (New Ave. Commerce center) was created May 8, 2007 as a “blighted-area” district. This district was to fund site improvements, public improvements, and gap financing for a Lena’s grocery store and an in-line retail complex. Financing for the grocery store did not close and the project, as a whole, did not proceed. However, as an add-on to an existing contract, the City funded certain adjacent public improvements in the district, in anticipation of the project.

Project costs of \$237,929 remain to be recovered.

PROPOSED DONATIONS

Given the foregoing, and following the recovery of an amount sufficient to fund the estimated future costs in the district (\$1,542,945 and \$59,795 for interest) the following donations are proposed from TID 56:

- For a period of up to three years, TID 56 shall donate any excess incremental revenue first to TID 69 and then to TID 35 until both Recipient District's project costs are fully paid.

The 2009 incremental value for TID 56 is \$131,124,600. At a 2.4% combined tax rate, this district would generate \$3,146,990 of revenue in 2010 (from the 2009 levy).

Consequently, the donations and payments set forth above would result in the following:

	Net TID 56 Costs to be <u>Recovered</u>	Donation to <u>TID 69</u>	Donation to <u>TID 35</u>	<u>Total</u>
2010	\$ 1,130,128	\$ 237,929	\$ 1,778,933	\$ 3,146,990
2011	0	0	1,906,836	1,906,836
	<u>\$ 1,130,128</u>	<u>\$ 237,929</u>	<u>\$ 3,685,769</u>	<u>\$ 5,053,826</u>

Exhibit A: Est. of Tax Increments Needed to Recover Project Costs – August 31, 2009.

	N. 27th & W. Wisconsin TID-35	Erie/ Jefferson TID-56	New Avenue Comm. Cntr. TID-69
Expenditures	\$ 2,307,037	\$ 5,669,728	\$ 206,390
Estimated future expenditures	-	1,542,945	3,205
Lifetime-to-date interest	631,695	172,402	1,649
Add scheduled bond interest costs-			
2009 to maturity	563,701	1,044,397	16,752
2009 issue - N1	-	60,963	
Estimated future borrowing	-	59,795	
Cumulative City of Milwaukee carrying cost	172,609	(98,574)	9,933
Total project costs	<u>\$ 3,675,042</u>	<u>\$ 8,451,656</u>	<u>\$ 237,929</u>
Change in principal debt service requirements as a result of debt refundings	<u>\$ 20,560</u>	<u>\$ -</u>	<u>\$ -</u>
Net project costs to be recovered through tax increments	<u>\$ 3,695,602</u>	<u>\$ 8,451,656</u>	<u>\$ 237,929</u>
Tax increments levied:			
1999	\$ 8,168	\$ -	\$ -
2000	1,665	-	-
2001	-	-	-
2002	-	-	-
2003	-	-	-
2004	-	-	-
2005	-	251,120	-
2006	-	1,520,961	-
2007	-	2,698,047	-
2008	-	2,851,400	-
Total tax increments levied at December 31, 2008	<u>\$ 9,833</u>	<u>\$ 7,321,528</u>	<u>\$ -</u>
Net amount to be recovered through future tax increments	<u>\$ 3,685,769</u>	<u>\$ 1,130,128</u>	<u>\$ 237,929</u>
LTD 2008 proceeds	\$ 2,335,267	\$ 2,314,347	\$ 193,699
2009 Series N1	-	2,472,843	-
Total proceeds	<u>\$ 2,335,267</u>	<u>\$ 4,787,190</u>	<u>\$ 193,699</u>
Bond funded expenditures	\$ 2,307,037	\$ 5,669,728	\$ 206,390
Estimated future expenditures	-	1,542,945	3,205
Total expenditures	<u>\$ 2,307,037</u>	<u>\$ 7,212,673</u>	<u>\$ 209,595</u>
Proceeds needed to cover expenditures	<u>\$ (28,230)</u>	<u>\$ 2,425,483</u>	<u>\$ 15,896</u>
Interest expense on future borrowings		\$ 59,795	\$ 392