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Date: November 17, 2008

To: Redevelopment Authority of the City of Milwaukee

From: *S. B. Friedman & Company*

Re: TID Economic Feasibility Analysis- Kaiser Tannery Site Redevelopment

S. B. Friedman & Company (“*SBFCo*”) was engaged by the City of Milwaukee Department of City Development (DCD) to review TID capacity and requests for TID assistance for two related components of the redevelopment of the Kaiser Tannery site at 32nd and Hampton. The requests have been made by Bishop’s Creek Community Development Corporation (“Bishop’s Creek”) and Common Bond Communities (“Common Bond”), both in conjunction with the development of a 55-unit mixed-income rental residential project (referred to in this memo as Phase 1A). This memo summarizes our findings regarding:

- Our understanding and evaluation of the two developers’ requests for assistance and financing plans.
- The potential level of incremental property taxes to be generated by the proposed Common Bond Phase 1A Project (the “Project”) and inflationary growth in value of property in the surrounding taxkeys within the proposed TID boundary;
- The estimated time frame over which this incremental revenue stream would amortize newly issued TID debt supporting approximately \$1.6 million in TID expenditures for infrastructure, site remediation and preparation, land, matching grants for home improvements, and administrative costs.

Context and Background

SBFCo’s assumptions regarding the development program and timing of this project are current as of September 2008 and are based on updates received via phone and e-mail correspondences with DCD, Bishop’s Creek CDC (the “Master Developer”), and Common Bond Communities (the “Developer”).

- Bishop’s Creek has already acquired the overall 32nd and Hampton site, and has performed some demolition and abatement work to date, at a reported cost of about \$850,000.
- The proposed transaction between Bishop’s Creek and Common Bond calls for Common Bond to purchase the site for \$700,000 and develop the proposed 55-unit rental project.

- Per the sale contract with Common Bond and lender/tax credit investor requirements, Bishop's Creek is obligated to perform the balance of the demolition and abatement work ultimately contemplated for the site simultaneously with Phase 1A.
- Bishop's Creek ultimately intends to follow Phase 1A with additional development, potentially including commercial, hospitality, and/or cultural uses.
- Bishop's Creek and Common Bond have separately requested TID assistance for their respective master development and vertical development activities. TID assistance of \$650,000 is contemplated to Common Bond, and \$485,000 to Bishop's Creek, including \$150,000 of public sewer improvements.

Pro Forma Review

Bishop's Creek and Common Bond provided pro formas for each entity's aspects of Phase 1A of the Kaiser Tannery redevelopment.

BISHOP'S CREEK CDC

SBFCo reorganized pro forma information provided by Bishop's Creek to illustrate the sources and uses of funds anticipated for the CDC's portion of Phase 1A. **Table 1** on the following page summarizes our understanding.

This analysis shows TID assistance totaling \$485,000 to the CDC during the construction phase to assist with the CDC's provision of site prep and environmental cleanup. This funding is comprised of \$150,000 in TID costs to cover City construction of sewer improvements necessary to facilitate the project, and \$335,000 in assistance with site preparation, demolition, and remediation.

Bishop's Creek/Common Bond Project

Table 1: Bishop's Creek Sources, Uses, and Potential TID Gap Funding

	Previously Expended	Construction	TOTAL
USES			
Land Acquisition	\$ 500,000		\$ 500,000
Environmental			
Previously Incurred/Submitted Eligible & Matching Environ. Costs (submitted to Dept. of Commerce)	\$ 185,346		\$ 185,346
Billed Environmental Costs Thru 8/31/08	\$ 12,488		\$ 12,488
Est. Incurred Environmental Costs Thru 10/03/08		\$ 11,000	\$ 11,000
Est. Incurred Environmental Costs for October, 2008		\$ 20,000	\$ 20,000
Bldg. #17 Sub-basement Clearance Activities		\$ 12,000	\$ 12,000
Capacitor Evaluation/Removal/Cleanup Costs (PCBs)		\$ 15,000	\$ 15,000
Haz./Non-Haz. Waste Disposal (waste drums & capacitors containing PCBs) & reporting		\$ 15,000	\$ 15,000
Pre-demo lead based paint remediation (required for beneficial re-use of materials/on-site crushing)	\$ 60,000		\$ 60,000
Bldg. #17 LUST site soil excavation/removal/disposal (in excess of PECFA allowance)		\$ 30,000	\$ 30,000
Lot 1 Playground area contaminated soil remediation/delineation		\$ 50,000	\$ 50,000
Tanning Vat Impacted Soil assessment, excavation/removal & capping activities		\$ 150,000	\$ 150,000
Aboveground Storage Tank Cleaning/Removal/Assessment		\$ 25,000	\$ 25,000
High capacity well abandonment (found at site on November 12)		\$ 50,000	\$ 50,000
Former "Powerhouse" Area PCB Cleaning (required prior to demolition)		\$ 5,000	\$ 5,000
Asbestos Containing Material (ACM) investigation and survey	\$ 10,000		\$ 10,000
Additional de-watering on November 12 for high capacity well abandonment		\$ 2,000	\$ 2,000
Brownfield Grant request preparation fees (EPA and Dept. of Commerce grant applications)	\$ 7,500		\$ 7,500
Est. Post-cleanup installation of monitoring wells		\$ 20,000	\$ 20,000
Est. One year of post-remediation monitoring well sampling		\$ 25,000	\$ 25,000
Est. Preparation and submittal of remediation and monitoring reports to Wisconsin DNR		\$ 20,000	\$ 20,000
Demolition and Abatement			
Previously Incurred/Submitted Eligible & Matching Environ. Costs (submitted to Dept. of Commerce)	\$ 305,748		\$ 305,748
Pre-demolition	\$ 100,000		\$ 100,000
Site Clearance/Demolition		\$ 675,000	\$ 675,000
Erosion Control		\$ 10,000	\$ 10,000
Site Grading/Stormwater		\$ 100,000	\$ 100,000
Utility Disconnection/Abandonment		\$ 50,000	\$ 50,000
Additional Clearance & Demolition waste disposal		\$ 75,000	\$ 75,000
Other Site Development			
24 hour site security required prior to and during the 2004 site demolition after July, 2004 fires	\$ 60,000		\$ 60,000
Post fire structural evaluation studies (the Harwood Analysis)	\$ 5,000		\$ 5,000
Site security -- fencing and boarding up of windows	\$ 40,000		\$ 40,000
Soft Costs			
Legal	\$ 65,000		\$ 65,000
TOTAL	\$ 1,351,082	\$ 1,360,000	\$ 2,711,082
NON-TID SOURCES			
Common Bond Land Payment		\$ 233,333	\$ 233,333
Commerce Grant	\$ 214,000	\$ 536,000	\$ 750,000
CDC Equity	\$ 1,137,082	\$ 255,667	\$ 1,392,749
TOTAL	\$ 1,351,082	\$ 1,025,000	\$ 2,376,082
Project Surplus or (Shortfall)	\$ -	\$ (335,000)	\$ (335,000)
POTENTIAL TID CONTRIBUTION			
Potential City TID- Gap Financing		\$ 335,000	\$ 335,000
Plus Sewer Construction Costs		\$ 150,000	\$ 150,000
TOTAL	\$ -	\$ 485,000	\$ 485,000

Source: Bishop's Creek CDC and S. B. Friedman & Company

Although Bishop's Creek is a not-for-profit and is pursuing a mission-driven redevelopment plan for the site, *SBFCo* evaluated Bishop's Creek's potential return on investment via the proposed project and potential subsequent phases in order to benchmark the proposed level of TID assistance. This analysis incorporates all known costs associated with the Phase 1 project. The CDC's potential revenues and cost offsets for this project include:

- TID assistance of \$335,000
- Wisconsin Department of Commerce grants totaling \$750,000
- The contract sale price to be paid by Common Bond for the Phase 1A site of \$700,000
- Hypothetical future revenues that could be realized by Bishop's Creek if it were to sell the balance of the site for other projects

**Table 2: Estimated Inflow and Outflow of Funds- Bishop's Creek CDC
Kaiser Tannery Project**

	TOTAL
Revenues/Grants	
Common Bond Land Sale/Lease 68,169 sf@ \$ 10.27	\$ 700,000
Potential Additional Land Value (from subsequent phases) 157,777 sf@ \$ 8.50	\$ 1,341,105
Commerce Grants	\$ 750,000
TID Assistance (Excluding Sewer)	\$ 335,000
Total Revenues	\$ 3,126,105
Costs/Repayments	
Land Acquisition	\$ 500,000
Environmental	\$ 725,334
Demolition/Abatement	\$ 1,315,748
Other Site Development	\$ 105,000
Legal	\$ 65,000
Total Costs	\$ 2,711,082
Net Profit or (Loss)	\$ 415,022
Profit as % of Total Costs	15%
TID Gap Financing Assistance	\$ 335,000
Plus TID-Funded Sewer Improvements	\$ 150,000
TOTAL TID ASSISTANCE TO CDC	\$ 485,000

Source: Bishop's Creek CDC and *S. B. Friedman & Company*

SBFCo used an assumed sale price of \$8.50 per square foot for the balance of the site as an allowance based on typical sales of development-ready land for neighborhood retail.

Based on these assumptions, Bishop's Creek's net financial gain is estimated at 15% of project costs. The proposed level of City assistance appears reasonable based on the following key factors:

- Bishop's Creek expended the initial purchase funds of \$500,000 to obtain site control in 2004, while many of the revenues in the below schedule are deferred until future phases of development.
- Bishop's Creek's proposed future phases of development include non-profit uses, which would be unlikely to support substantial land purchase costs. Thus, the CDC's actual revenues may well be significantly lower than those shown in Table 2 for future phases.
- Bishop's Creek is making significant expenditures toward site preparation, demolition, and abatement, including the land purchase monies to be paid by Common Bond. Further, 1/3 of the purchase price is to be deferred until completion of the Phase 1A project.

COMMON BOND COMMUNITIES

SBFCo has reviewed the pro forma for the 55-unit Phase 1A rental project supplied by Common Bond on 10/14/08. Projected sources and uses for the project are as follows:

Table 3: Common Bond Pro Forma Summary

Sources of Funds	
Hard Debt	\$ 1,500,614
LIHTC Equity	\$ 6,844,348
Milwaukee Housing Trust Fund/Other Grant Sources	\$ 599,386
Deferred Developer Fee	\$ 358,000
Deferred Land Cost	\$ 300,000
TID Assistance	\$ 650,000
Total Sources	\$ 10,252,348
Uses of Funds	
Acquisition	\$ 700,000
Hard Costs	\$ 6,640,417
Soft Costs Excluding Financing	\$ 701,100
Financing Costs and Capitalized Interest	\$ 806,225
Operating Reserves	\$ 204,606
Developer Fees	\$ 1,200,000
Total Uses of Funds	\$ 10,252,348

Sources: Common Bond, *S. B. Friedman & Company*

It appears that reduced Low-Income Housing Tax Credit (LIHTC) pricing and more stringent lender requirements are reducing the availability of tax credit equity and senior mortgage from typical historical levels. In addition, based on discussions with Common Bond, lender requirements regarding developer fee, expense reserves, and operating expense assumptions have become more stringent since their initial debt sizing for the project took place. These factors are contributing to the financing gap causing the project's need for TID assistance.

Per discussions with DCD, the developer fees and proposed level of fee deferral appear to be within the City of Milwaukee's typical guidelines for LIHTC projects. Further, Bishop's Creek CDC is deferring a portion of the \$700,000 purchase price of the project site until at or after project completion, thus helping to facilitate the Phase 1A project. As noted above, the remainder of the sale proceeds are to be used to pay for on-site demolition and abatement activities.

Potential TID Expenditures

Within the proposed TID, the City of Milwaukee intends to include additional residential parcels to the west of the project site. These parcels are anticipated to generate incremental property taxes through inflationary increases in value, and the TID will provide funding for neighborhood improvements in this area. Per the pro forma analyses described above and discussions with the City of Milwaukee on the parameters of the proposed TID, our understanding is that the likely amount to be financed by the district is about \$1,585,000 in net proceeds, comprised of:

- \$485,000 in assistance for Bishop's Creek CDC (sewer improvements and gap financing)
- \$650,000 in assistance for Common Bond Communities
- \$300,000 to create a neighborhood improvement fund for areas west of the former Kaiser Tannery site.
- \$150,000 to fund City administrative costs

The following section outlines our tests of TID capacity to support these expenditures.

Projected Incremental Property Taxes

SBFCo projected TID revenues arising from the Phase 1A project and the broader TID area to evaluate the supportability of the proposed TID expenditures.

KEY ASSUMPTIONS

- **Increment Drivers.** The development assumptions driving these projections were limited to the 55-unit Phase 1A project. Additional TID revenues are assumed to arise from growth in property values in the remainder of the TID. Any additional development on the Kaiser Tannery site would likely accelerate TID amortization and/or allow the City to make future TID expenditures to assist development.
- **Timing.** Per information provided by the Developer, construction of Phase 1A is anticipated to begin in late early 2009 and the project is anticipated to reach full occupancy the end of calendar year 2009. Thus, the anticipated full assessed value of the project would be realized in 2010.

- **Valuation of Phase 1A.** *SBFCo* consulted with the Office of the City Assessor to gain insight on the likely assessed value of the Common Bond project after development and lease up. These assumptions lead to an overall assessed value of the project of \$1,770,000 in 2008 dollars at stabilization.
- **Property Value Growth Rates.** The assessed values were inflated at a rate of 2.0% from 2008 values for the purposes of estimating total project valuation. At full assessment in 2010, total assessed valuation is estimated to be approximately \$1.83 million.
- **Property Tax Rate.** *SBFCo* held discussions with the Office of the City Comptroller to determine likely property tax trends over the near term. Over the most recent 10 and 20-year periods, property tax rates have declined at a compound annual rate of about 2%. However, short-term trends in school district funding and property values are likely to cause the tax rate to stabilize or increase in the nearer term. Therefore, for the purposes of these projections, *SBFCo* assumed the tax rate for 2008 assessment year (2009 collections) would increase by 4%, and remain flat in the following calendar year. Following this period, we assumed that the applicable tax rate would decline at the 10-year compound annual rate of 2.08%.
- **Base Value.** A review of the assessment history of the Kaiser Tannery site indicates that it was sold in 2004 and assessed at \$326,000 during that time. However, in 2005 the assessment value dropped to \$150,000 and remained there through the latest assessment in 2008. Given this, *SBFCo* assumed the site would not likely increase in value until redevelopment occurs and therefore used \$150,000 as the base value.

PROJECTED INCREMENT

- **Phase 1A.** Based on the valuation and phasing described above and the anticipated base value of the Kaiser Tannery site of \$150,000, *SBFCo* estimates an undiscounted TID revenue stream totaling \$1,184,000 over a 27-year maximum life of the district. This projection is detailed in appendix Table A-1 at the end of this memo.
- **Balance of District.** The greater TID district boundary includes approximately 400 parcels and is bounded roughly by West Hampton Avenue to the north, West Congress Street to the south, North 32th Street to the east, and North 38nd Street to the west. The TID boundary also includes the parcel at the northwest corner of West Hampton Avenue and North 32nd Street. The value of the broader district in 2008 was approximately \$31.7 million. The value of all parcels in the greater district was projected to increase at 2% per year, and was inflated at this rate to yield an estimated 2009 base value of about \$32.3 million. The undiscounted TIF revenue stream from the inflationary growth in value of these parcels is projected at approximately \$5.4 million over a 27-year life span of the district.

Overall, the Phase 1A project appears to represent about 18% of the undiscounted TID revenues over the maximum statutory life of the district. On a present value basis, it represents a slightly

higher percentage because the Phase 1A incremental value stabilizes early in the TID, while district-wide inflationary increment grows at a more gradual pace.

TID Debt Amortization

SBFCo calculated anticipated bond amortization assuming that the entire \$1.59 million of public expenditures occurs in early 2009, and is provided in the form of TID-backed general obligation debt. Our bonding assumptions include the following, per assumptions provided by the Office of the City Comptroller:

- **Interest Rates.** General assumption of 4.5% interest on annual debt service interest payments. Shortfalls against the scheduled debt service (if any) would be covered by the local government investment pool and carry a 4.75% interest charge until paid off.
- **Term.** 17 years, including two interest-only payments in Years 2 and 3 funded from capitalized interest reserves, followed by 15 years of level principal and interest payments.
- **Issuance Costs.** The projections assume an issuance cost allowance of 1.0% of net bond proceeds.

These assumptions result in a total bond issuance amount of about **\$1.8 million** to yield the targeted net proceeds of \$1.6 million.

SBFCo estimates that the accumulated surpluses against scheduled annual debt service would exceed the outstanding bond principal amount in **2026 (TID Year 18)**—thus allowing the district to be potentially retired at this point. These calculations are shown in appendix **Table A-2** at the end of this memo. This is within the time frame (although toward the longer end) generally deemed acceptable by the City of Milwaukee for residential TIDs.

Conclusions

Based on the assumptions and calculations described in this memo, *SBFCo* estimates that the increment from the proposed Phase 1A Kaiser Tannery project and surrounding district could produce sufficient revenues to fully amortize the proposed TID expenditures of \$1.59 million by **Year 18 (2026)**.

Limitations of Our Engagement

The scope of our engagement included reviewing the developer's stated assumptions regarding project program, timing, and pricing, projecting the incremental property tax revenues likely to result from the project as proposed, and evaluating amortization of proposed new public costs provided by the Department of City Development.

Our projections are based on estimates, assumptions, and other information developed from our research, knowledge of the industry, and meetings with you and the developer during which certain information was obtained. Sources of information and bases of estimates and assumptions are cited in the report. We deem our sources of information to be reliable, but no guarantee can be offered as to the reliability of information obtained from others. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the report or associated financial analyses to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include without limitation economic growth trends, governmental actions, acts of war or terrorism, additional competitive developments, construction delays, cost overruns, labor availability and costs, interest rates, and other market factors. However, we will be available to discuss the necessity for revision in view of these changes or market factors.

Our study did not ascertain the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits, and licenses. No effort was made to determine the possible effect on this project of present or future federal, state, or local legislation, including any environmental or ecological matters. Further, we have not evaluated management's effectiveness, nor are we responsible for future marketing efforts, programming, and other management actions upon which actual results will depend.

Our report is intended solely for your information, the Joint Review Board, and the City Council, and should not be relied upon for any other purposes. Otherwise, neither the report nor its contents, nor any reference to our Firm may be included or quoted in any offering circular or registration statement, prospectus, loan, or other agreement or document.

City of Milwaukee: Proposed Kaiser Tannery TID

Table A-1: Projected Incremental Property Taxes

TID Year	Assessment Year	Tax Rate	Inflation Factor	Bishop's Creek Family Housing Site			BALANCE OF TID				
				Projected Rental Residential AV	Less Base AV	Incremental AV	Inflated Base AV (excl. Bishop's Creek) @ 2%	Less Base AV	Incremental AV	Incremental Tax Revenue	
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8] [9]	[10]	[11]	[12]	[8] [9]
0	2006	2.24%	1.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0	2007	2.31%	1.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0	2008	2.41%	1.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1	2009	2.41%	1.02	\$ -	\$ (150,000)	\$ -	\$ -	\$ 31,696,800	\$ (32,330,736)	\$ -	\$ -
2	2010	2.36%	1.04	\$ 1,833,341	\$ (150,000)	\$ 1,683,341	\$ -	\$ 32,977,351	\$ (32,330,736)	\$ 646,615	\$ -
3	2011	2.31%	1.06	\$ 1,870,008	\$ (150,000)	\$ 1,720,008	\$ 39,651	\$ 33,636,898	\$ (32,330,736)	\$ 1,306,162	\$ 15,230.94
4	2012	2.26%	1.08	\$ 1,907,408	\$ (150,000)	\$ 1,757,408	\$ 39,672	\$ 34,309,636	\$ (32,330,736)	\$ 1,978,900	\$ 30,126.61
5	2013	2.21%	1.10	\$ 1,945,556	\$ (150,000)	\$ 1,795,556	\$ 39,692	\$ 34,995,828	\$ (32,330,736)	\$ 2,665,092	\$ 44,694.00
6	2014	2.17%	1.13	\$ 1,984,467	\$ (150,000)	\$ 1,834,467	\$ 39,710	\$ 35,695,745	\$ (32,330,736)	\$ 3,365,009	\$ 58,939.97
7	2015	2.12%	1.15	\$ 2,024,156	\$ (150,000)	\$ 1,874,156	\$ 39,726	\$ 36,409,660	\$ (32,330,736)	\$ 4,078,924	\$ 72,871.22
8	2016	2.08%	1.17	\$ 2,064,640	\$ (150,000)	\$ 1,914,640	\$ 39,742	\$ 37,137,853	\$ (32,330,736)	\$ 4,807,117	\$ 86,494.32
9	2017	2.03%	1.20	\$ 2,105,932	\$ (150,000)	\$ 1,955,932	\$ 39,756	\$ 37,880,610	\$ (32,330,736)	\$ 5,549,874	\$ 99,815.70
10	2018	2.00%	1.22	\$ 2,148,051	\$ (150,000)	\$ 1,998,051	\$ 39,769	\$ 38,638,222	\$ (32,330,736)	\$ 6,307,486	\$ 112,841.65
11	2019	2.00%	1.24	\$ 2,191,012	\$ (150,000)	\$ 2,041,012	\$ 39,961	\$ 39,410,987	\$ (32,330,736)	\$ 7,080,251	\$ 126,149.73
12	2020	2.00%	1.27	\$ 2,234,832	\$ (150,000)	\$ 2,084,832	\$ 40,820	\$ 40,199,207	\$ (32,330,736)	\$ 7,868,471	\$ 141,605.02
13	2021	2.00%	1.29	\$ 2,279,529	\$ (150,000)	\$ 2,129,529	\$ 41,697	\$ 41,003,191	\$ (32,330,736)	\$ 8,672,455	\$ 157,369.41
14	2022	2.00%	1.32	\$ 2,325,120	\$ (150,000)	\$ 2,175,120	\$ 42,591	\$ 41,823,254	\$ (32,330,736)	\$ 9,492,518	\$ 173,449.09
15	2023	2.00%	1.35	\$ 2,371,622	\$ (150,000)	\$ 2,221,622	\$ 43,502	\$ 42,659,720	\$ (32,330,736)	\$ 10,328,984	\$ 189,850.37
16	2024	2.00%	1.37	\$ 2,419,054	\$ (150,000)	\$ 2,269,054	\$ 44,432	\$ 43,512,914	\$ (32,330,736)	\$ 11,182,178	\$ 206,579.67
17	2025	2.00%	1.40	\$ 2,467,435	\$ (150,000)	\$ 2,317,435	\$ 45,381	\$ 44,383,172	\$ (32,330,736)	\$ 12,052,436	\$ 223,643.56
18	2026	2.00%	1.43	\$ 2,516,784	\$ (150,000)	\$ 2,366,784	\$ 46,349	\$ 45,270,836	\$ (32,330,736)	\$ 12,940,100	\$ 241,048.72
19	2027	2.00%	1.46	\$ 2,567,120	\$ (150,000)	\$ 2,417,120	\$ 47,336	\$ 46,176,252	\$ (32,330,736)	\$ 13,845,516	\$ 258,801.99
20	2028	2.00%	1.49	\$ 2,618,462	\$ (150,000)	\$ 2,468,462	\$ 48,342	\$ 47,099,777	\$ (32,330,736)	\$ 14,769,041	\$ 276,910.33
21	2029	2.00%	1.52	\$ 2,670,831	\$ (150,000)	\$ 2,520,831	\$ 49,369	\$ 48,041,773	\$ (32,330,736)	\$ 15,711,037	\$ 295,380.83
22	2030	2.00%	1.55	\$ 2,724,248	\$ (150,000)	\$ 2,574,248	\$ 50,417	\$ 49,002,608	\$ (32,330,736)	\$ 16,671,872	\$ 314,220.74
23	2031	2.00%	1.58	\$ 2,778,733	\$ (150,000)	\$ 2,628,733	\$ 51,485	\$ 49,982,661	\$ (32,330,736)	\$ 17,651,925	\$ 333,437.45
24	2032	2.00%	1.61	\$ 2,834,308	\$ (150,000)	\$ 2,684,308	\$ 52,575	\$ 50,982,314	\$ (32,330,736)	\$ 18,651,578	\$ 353,038.49
25	2033	2.00%	1.64	\$ 2,890,994	\$ (150,000)	\$ 2,740,994	\$ 53,686	\$ 52,001,960	\$ (32,330,736)	\$ 19,671,224	\$ 373,031.56
26	2034	2.00%	1.67	\$ 2,948,814	\$ (150,000)	\$ 2,798,814	\$ 54,820	\$ 53,041,999	\$ (32,330,736)	\$ 20,711,263	\$ 393,424.48
27	2035	2.00%	1.71	\$ 3,007,790	\$ (150,000)	\$ 2,857,790	\$ 55,976	\$ 54,102,839	\$ (32,330,736)	\$ 21,772,103	\$ 414,225.27
28	2036	2.00%	1.71	\$ -	\$ -	\$ -	\$ 57,156	\$ -	\$ -	\$ -	\$ 435,442.07
Total Proceeds, 2009 - 2036 (Not Discounted)							\$ 1,183,612	\$ -	\$ -	\$ -	\$ 5,428,623

Source: S. B. Friedman & Company

- [1] The TID is assumed to be established in 2009 with a 2009 base value
- [2] Properties in the City of Milwaukee are reassessed every year as of January 1.
- [3] Projects tax rate based on 10 year compound annual rate of change; assumed not to go below 2%
- [4] Assumed annual inflation
- [5] Projected AV of new development
- [6] Anticipated 2009 base year value for parcel 230-0328-100-0
- [7] Projected AV of new development less base value
- [8] Equal to incremental AV multiplied by the corresponding year tax rate
- [9] Tax revenues are assumed to be collected one year after the taxing year at a 100% collection rate
- [10] Inflated AV for balance of proposed TID
- [11] 2008 certified base year AV for balance of proposed TID due to lack of information on likely 2009 valuation
- [12] Inflated AV of parcels in balance of TID less base value

City of Milwaukee: Proposed Kaiser Tannery TID
Table A2: Projected Bond Amortization

Issuance Year	2009
Interest Rate on City Bonds	4.50%
Cost of Funds- Local Gov't Investment Pool	4.75%
Net Proceeds to Project	\$ 1,585,000
Issuance Costs @	1.0%
Cap Interest Allowance	2 Years
Less Projected Available Up-Front Cash	\$ -
Cap Interest Allowance	\$ 158,326
Total Bond	\$ 1,759,176
Assumed Level P&I Payments	15
Assumed Debt Coverage Requirement	1.0

Cap Interest Reserve	
Year	Payment
2007	\$ 158,326
2008	\$ 79,163
	\$ (79,163)
	\$ (79,163)

Year of TID	Calendar Year	Repayment Sources				TID Payoff Analysis					TID Could Prepay Outstanding Princ.	
		Inc. Tax Revenues from Project	Inflationary Increment from District	Annual Inc. Tax Revenues Collected	TID Annual Debt Service Target	Cap Interest Payment	Annual Surplus/ Shortfall	Cumulative Fund Balance	Interest Earnings/ (Carry Cost) on Cuml. Balance			
0	2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NO
1	2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NO
2	2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NO
3	2011	\$ 39,651	\$ 15,231	\$ 54,882	\$ 79,163	\$ 79,163	\$ 79,163	\$ -	\$ -	\$ 54,882	\$ 2,607	NO
4	2012	\$ 39,672	\$ 30,127	\$ 69,799	\$ 163,804	\$ 163,804	\$ -	\$ -	\$ -	\$ (94,005)	\$ (1,735)	NO
5	2013	\$ 39,692	\$ 44,694	\$ 84,386	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ (79,418)	\$ (5,589)	NO
6	2014	\$ 39,710	\$ 58,940	\$ 98,650	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ (65,154)	\$ (8,950)	NO
7	2015	\$ 39,726	\$ 72,871	\$ 112,598	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ (51,206)	\$ (11,807)	NO
8	2016	\$ 39,742	\$ 86,494	\$ 126,236	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ (37,567)	\$ (14,152)	NO
9	2017	\$ 39,756	\$ 99,816	\$ 139,572	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ (24,232)	\$ (15,975)	NO
10	2018	\$ 39,769	\$ 112,842	\$ 152,610	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ (11,193)	\$ (17,266)	NO
11	2019	\$ 39,961	\$ 126,150	\$ 166,111	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ 2,307	\$ (17,977)	NO
12	2020	\$ 40,820	\$ 141,605	\$ 182,425	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ 18,622	\$ (17,946)	NO
13	2021	\$ 41,697	\$ 157,369	\$ 199,066	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ 35,262	\$ (17,123)	NO
14	2022	\$ 42,591	\$ 173,449	\$ 216,040	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ 52,236	\$ (15,456)	NO
15	2023	\$ 43,502	\$ 189,850	\$ 233,353	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ 69,549	\$ (12,886)	NO
16	2024	\$ 44,432	\$ 206,580	\$ 251,012	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ 87,209	\$ (9,356)	NO
17	2025	\$ 45,381	\$ 223,644	\$ 269,025	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ 105,221	\$ (4,802)	NO
18	2026	\$ 46,349	\$ 241,049	\$ 287,397	\$ 163,804	\$ -	\$ -	\$ -	\$ -	\$ 123,594	\$ 840	YES
19	2027	\$ 47,336	\$ 258,802	\$ 306,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,138	\$ 324,672	YES
20	2028	\$ 48,342	\$ 276,910	\$ 325,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,253	\$ 665,347	YES
21	2029	\$ 49,369	\$ 295,381	\$ 344,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344,750	\$ 1,041,701	YES
22	2030	\$ 50,417	\$ 314,221	\$ 364,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 364,637	\$ 1,455,819	YES
23	2031	\$ 51,485	\$ 333,437	\$ 384,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,922	\$ 1,909,893	YES
24	2032	\$ 52,575	\$ 353,038	\$ 405,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,613	\$ 2,406,226	YES
25	2033	\$ 53,686	\$ 373,032	\$ 426,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 426,718	\$ 2,947,239	YES
26	2034	\$ 54,820	\$ 393,424	\$ 448,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 448,244	\$ 3,535,478	YES
27	2035	\$ 55,976	\$ 414,225	\$ 470,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 470,202	\$ 4,173,614	YES
coll-yr 27	2035	\$ 57,156	\$ 435,442	\$ 492,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 492,598	\$ 4,864,459	YES
TOTALS		\$ 1,183,612	\$ 5,428,623.17	\$ 6,612,235	\$ 2,615,379	\$ 158,326	\$ 4,155,181	\$ -	\$ -	\$ 4,155,181	\$ 231,062	YES

Source: S. B. Friedman & Company

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.