

NEIGHBORHOOD IMPROVEMENT DISTRICT NO. 1:  
THE BREWERY DISTRICT  
YEAR 11 OPERATING PLAN

August 16, 2018

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## I. INTRODUCTION

Under Wisconsin Statutes section 66.1110, municipalities are authorized to create Neighborhood Improvement Districts ("NIDs") upon the petition of at least one property owner within the proposed district. Similar to the statute governing Business Improvement Districts (Wisconsin Statutes section 66.1109), the purpose of the NID statute is to allow owners of real property, at least some of which is used for residential purposes, within the 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.

The District was created by the Common Council of the City of Milwaukee (the "City") on May 13, 2009, by the adoption of Resolution No. 080615; the District is known as the Brewery Neighborhood Improvement District (the "District"). The purpose of the District is to promote and sustain the development and operation of the former historic Pabst Brewery as a thriving mixed-use development known as The Brewery, A Joseph J. Zilber Historic Redevelopment (the "Brewery"). In this regard, the District shall be authorized to manage, maintain and contract for services which supplement those services currently provided by the City to owners and occupants in the District.

Pursuant to the NID statute, this Year 11 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.

## DISTRICT BOUNDARIES

The District boundaries cover approximately eight (8) blocks and encompass the former Pabst Brewery properties now known as "The Brewery District." The proposed District boundaries include Interstate 43 to the west, West Highland Avenue to the south, North 7th Street to the east and West Winnebago Street to the north. Boundaries of the NID 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.

## II. PROPOSED OPERATING PLAN

### A. Plan Objectives.

The objectives of the District are to promote and sustain the area of The Brewery District as a thriving mixed-use development and a clean, safe and friendly environment in which to live, work and play. The District proposes

to achieve its objectives by 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 The Brewery District area. The District also shall provide maintenance and utility cost of the neon Pabst sign over Juneau Avenue, maintenance and utility cost for Zilber Park and Preservation Park, maintenance of public art, maintenance including snow removal of common areas, maintenance of streetscapes and other landscaping features as well as maintenance of stormwater management improvements including bio-swales.

B. Proposed Activities. The District will offer The Brewery District owners and occupants additional safety services, enhanced day portering activities, supplemental public space maintenance, Zilber Park and Preservation Parks operation and maintenance, streetscape maintenance, stormwater management maintenance and integrated marketing and promotional services to complement a base level of services currently being provided by the City. As a supplement to City services, the District may employ and manage its own safety and maintenance staff and develop and implement its own marketing initiatives or contract with reputable third-party service providers to do so. 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 or a subsequently approved or amended Operating Plan.

1. Security Program. The District proposes to undertake a variety of strategies to enhance the safety and perception of safety throughout the District. Activities could include installation of security cameras and related signage, additional security staff and other activities as the board may determine from time to time.
2. Day Porter. The District proposes to sponsor a Day Porter Program to provide additional day portering services, public space maintenance, stormwater management maintenance, Zilber Park and Preservation Parks operation and maintenance, alley maintenance (including snow and ice removal), and streetscape maintenance in the area of The Brewery District.

The District may hire directly, or engage through a contract with a reputable third party vendor, personnel to perform the services described above. These maintenance efforts will complement the efforts of the City Department of Public Works. Day Porters will manually sweep sidewalks, parks and other green spaces, pick up

litter and remove graffiti. They will also maintain parks, alleys (including snow and ice removal from November through March) and maintain other green spaces as well as maintain stormwater facilities within the District boundaries.

3. Marketing Initiatives. Marketing will aim to encourage increased use of The Brewery District neighborhood and to convince both constituents of the District and potential users that The Brewery District neighborhood is a positive destination with unique qualities and amenities.

C. Proposed Expenditures and Financing Method. The 2019 proposed annual operating budget for the District is \$200,000. See Appendix D. 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. 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 2018 assessed valuation of all property subject to assessment within the proposed District boundaries was \$115,756,000. This includes a PILOT assessment for UWM's Joseph J. Zilber School of Public Health of \$9,958,000. 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 4/5 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.

- D. Organization of the District Board. Upon creation of the District, the District shall hold annual meetings to elect members to the District Board (the “Board”) consistent with the terms of this subsection. 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 66.1110(4)(a)(1) requires that the Board be composed of at least five members, all of whom shall own or occupy real property within the District.

The Board shall be structured and operate as follows:

1. Board Size. Five (5) members.
2. Composition.
  - (a) Commercial Property Group
    - (i) One member shall represent the ‘largest property owner’ within the District as defined below.
    - (ii) One member shall be a representative of a multi-tenant office building in the District.
    - (iii) One member shall be the owner or operator of a non-parking, non-office commercial business located within the District (which business may include, without limitation, a restaurant, hotel, brewery or mixed-use property).
    - (iv) One member shall be a representative of a parking structure or surface parking lot within the District including at least 100 spaces.
  - (b) Residential Property Group
    - (i) One member shall be a representative of a residential building within the District.

‘Largest Property Owner’ shall be defined as the managing member or general partner of the single largest property tax key as measured by assessed valuation.

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 and consistent with Wisconsin Statutes section 66.1110(4). Notwithstanding anything herein to the contrary, the number of Board members who represent commercial and residential property, respectively, shall be set, as closely as possible, in the same proportion as is the aggregate valuation of commercial property in the District to the total assessed value of all property in the District, and the aggregate valuation of residential property in the District to the total assessed value of all property in the District.

3. Term. All members elected to the Board shall serve for a period of one year, except that members may be re-elected.
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 records 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. The Board may also maintain an office for the District, which shall be located within the District.
8. Meetings. The Board shall meet regularly, at least once every six months. The Board shall adopt rules of order (bylaws) to govern the conduct of its meetings.
9. Method of Electing Members to District Board. An annual meeting at which members of the Board will be elected shall be held in August of each year of the District’s existence. Prior to the meeting, the City shall publish a Class 2 notice that contains the time and place of the annual meeting. The notice shall specify that all



individuals who either own or occupy real property within the District are eligible to serve on the Board and vote at the election.

At the meeting, the individuals who own or occupy real property within the District shall be divided in 2 groups. One group shall consist of those individuals who own or occupy commercial property, and one group shall consist of those individuals who own or occupy residential property. Each group shall elect from among its members the number of Board members set to represent its group pursuant to this or a subsequent operating plan. Please see Appendix C for a detail listing of these properties by classification.

10. Executive Committee. The Board shall elect from its members a chair, a secretary, and a treasurer who shall comprise an Executive Committee of the Board. The Executive Committee shall be authorized to oversee the day to day operations of the District, subject to the bylaws adopted by the Board.
11. Changes. Any change in the Board size, composition or election methodology must be approved by a 4/5 majority of the entire District Board.]

### III. 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. Thus, the amount of a special 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 District assessment for each property for the 11th year of operation. Such proposed assessments are based on the assessed value and classification estimated in 2018 pursuant to the foregoing formula.

- B. Excluded and Exempt Property. The NID statute requires explicit consideration of certain classes of property. In compliance with the law, the following statements are provided.
  1. In accordance with the interpretation of the City Attorney regarding Wisconsin Statutes section 66.1110(7)(a), property exempt from general real estate taxes has been excluded from the District unless

they are subject to a PILOT Agreement which addresses this issue. Owners of tax exempt property adjoining the District and expected to benefit from District activities will be asked to make a financial contribution to the District on a voluntary basis. Funds collected in this manner in any given year shall be used to reduce the assessment against taxable property in the District for the following year. In addition, those tax-exempt properties adjoining the District which are later determined no longer to be exempt from general property taxes shall automatically become included within the District and subject to assessment under any current operating plan without necessity to undertake any other act.

2. In accordance with Wisconsin Statutes section 66.1110(7)(c), real property used exclusively for less than eight (8) residential dwelling units has been excluded from the District.
3. Pursuant to State Statute (66.110(2) (e) NID No. 1 authorized taking title to the parcel known as Zilber Park and has the legal description of Lot 2 of CSM No. 8078, Tax Key No. 362-0502-000 and the address of 1217 N. 10<sup>th</sup> Street. The purpose of the NID No. 1's ownership is to operate and maintain an improved park for the benefit of the neighborhood. If NID No. 1 is terminated this real property will be transferred to Brewery Project LLC which has agreed to assume this responsibility.

#### IV. PROMOTION OF ORDERLY DEVELOPMENT OF THE CITY

- A. Enhanced Safety and Cleanliness. Under Wisconsin Statutes section 66.1110(2)(d), 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 The Brewery District area and, consequently, encourage positive commercial and residential activity in the City. Increased activity in the City will increase property tax base and sales tax revenues.

- 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 the initial Operating Plan. In furtherance of its commitment, the City shall:
1. Provide technical assistance to the District in the adoption of this and subsequent operating plans and provide such other assistance as may be appropriate.
  2. Collect assessments, maintain the same in a segregated account and disburse monies to the Board.
  3. Receive annual audits as required per Wisconsin Statutes section 66.1110(4)(c).
  4. Provide the Board, through the Office of Assessment, on or before July 1 of each year, 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.

## V. PLAN APPROVAL PROCESS

- A. Public Review Process. The NID statute establishes a specific process for electing NID Board members and annually making changes to the Operating Plan. Pursuant to the statutory requirements, the following process will be followed:
1. A time and place for an annual meeting at which members of the Board will be elected shall be set and a Class 2 notice of such meeting shall be published.
  2. At the meeting, Board members shall be elected consistent with Wisconsin Statutes section 66.1110(4) and section III(D) above, and the Board shall consider the District's annual Operating Plan.
  3. The Operating Plan shall be submitted to the City's Common Council for approval.

- B. Petition to Terminate the District. The City shall consider terminating the District if a petition to terminate is filed with the City Plan Commission in conformity with Wisconsin Statutes section 66.1110(6)(a).

## VI. 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 66.1110(4)(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 NID 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 and the board composition shall not be materially altered, except with the approval of a 4/5 majority of the entire District Board and consent of the City of Milwaukee.]**

- B. Amendment, Severability and Expansion. This District has been created under authority of Wisconsin Statutes section 66.1110. 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 4/5 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.

APPENDIX A

Wisconsin Statutes section 66.1110

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 and reviewed financial statements required under sub. (3) (c), or on 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.

(4g) A municipality may convert a business improvement district under this section into a neighborhood improvement district under s. 66.1110 if an owner of real property that is subject to general real estate taxes, that is used exclusively for residential purposes, and that is located in the business improvement district petitions the municipality for the conversion. If the municipality approves the petition, the board shall consider and may make changes to the operating plan under s. 66.1110 (4) (b).

(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 percent 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 percent 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 percent 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 percent 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.

(d) If real property that is specially assessed as authorized under this section is of mixed use such that part of the real property is exempted from general property taxes under s. 70.11 or is residential, or both, and part of the real property is taxable, the municipality may specially assess as authorized under this section only the percentage of the real property that is not tax-exempt or residential. This paragraph applies only to a 1st class city.

History: 1983 a. 184; 1989 a. 56 s. 258; 1999 a. 130 s. 539; Stats. 1999 s. 66.1109; 2001 a. 83; 2017 a. 59, 70, 189.

**66.1110 Neighborhood improvement districts.** (1) In this section:

(a) "Board" means a neighborhood improvement district board elected under sub. (4) (a).

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

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

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

(e) "Neighborhood improvement district" means an area within a municipality consisting of nearby but not necessarily contiguous parcels, at least some of which are used for residential purposes and are subject to general real estate taxes, and property that is acquired and owned by the board if the local legislative body approved acquisition of the property under sub. (4) (d) as part of its approval of the initial operating plan under sub. (3) (e).

(f) "Operating plan" means a plan adopted or amended under this section for the development, redevelopment, maintenance, operation, and promotion of a neighborhood improvement district.

(g) "Owner" means the owner of real property that is located within the boundaries, or the proposed boundaries, of a neighborhood improvement district.

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

(2) An operating plan shall include at least all of the following elements:

(a) The special assessment method applicable to the neighborhood improvement district.

(b) The kind, number, and location of all proposed expenditures within the neighborhood improvement district.

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

(d) A description of how the creation of the neighborhood improvement district promotes the orderly development of the municipality, including its relationship to any municipal master plan.

(e) A statement as to whether the local legislative body authorizes the board to own real property and, if so, a description of the real property to be owned, the purpose of the ownership, and a

statement of to whom the real property will be transferred if the neighborhood improvement district is terminated.

(f) A legal opinion that pars. (a) to (e) have been complied with.

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

(a) An owner of real property subject to general real estate taxes and located in the proposed neighborhood improvement district designated under par. (b) has petitioned the municipality for creation of a neighborhood improvement district.

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

(c) At least 30 days before creation of the neighborhood improvement district and adoption of its initial operating plan by the municipality, the planning commission has held a public hearing on its proposed neighborhood 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 neighborhood improvement district, shall be sent by certified mail to all owners of real property within the proposed neighborhood improvement district. The notice shall state the boundaries of the proposed neighborhood 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), one of the following has not filed a petition with the planning commission protesting the proposed neighborhood improvement district or its proposed initial operating plan:

1. The owners of property to be assessed under the proposed initial operating plan having a valuation equal to more than 40 percent 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.

2. The owners of property to be assessed under the proposed initial operating plan having an assessed valuation equal to more than 40 percent of the assessed valuation of all property to be assessed under the proposed initial operating plan.

(e) The local legislative body has voted to adopt the proposed initial operating plan for the neighborhood improvement district. The local legislative body shall publish a class 2 notice under ch. 985 regarding the meeting at which the local legislative body will vote on whether to adopt the proposed initial operating plan for the neighborhood improvement district. Before publication, a copy of the notice shall be sent by certified mail to all owners of real property within the proposed neighborhood improvement district.

(4) (a) 1. If the local legislative body adopts the proposed initial operating plan under sub. (3) (c), it shall determine the size of board, which shall consist of at least 5 members, all of whom shall own or occupy real property in the neighborhood improvement district.

2. The number of board members who represent commercial and residential property, respectively, shall be set by the local legislative body, as closely as possible, in the same proportion as is the aggregate valuation of commercial property in the neighborhood improvement district to the total assessed value of all property in the district, and the aggregate valuation of residential property in the district to the total assessed value of all property in the district.

3. The local legislative body shall set the time and place for a meeting at which members of the board will be elected, and shall publish a class 2 notice under ch. 985 that contains this information. The notice shall specify that all individuals who either own or occupy real property within the neighborhood improvement district are eligible to serve on the board and vote at the election.

4. At the meeting, the individuals who own or occupy real property shall be divided into 2 groups. One group shall consist of those individuals who own or occupy commercial property, and one group shall consist of those individuals who own or occupy residential property. Each group shall elect from among its members the number of board members set to represent its group by the local legislative body under subd. 2.

5. Board members elected under subd. 4. shall serve a one year term, and may be reelected. Annually, the number of board members who represent commercial and residential properties, based on the calculation described in subd. 2., may be reallocated by the local legislative body to the greatest extent possible to be consistent with the proportion described under subd. 2.

6. Annually, board members shall be elected under the procedures contained in this paragraph. If a vacancy occurs during the term of a board member, an individual shall be elected to fill the unexpired term of the member under the procedures contained in this paragraph.

(b) The board shall annually consider and may make changes to the operating plan, which may include termination of the plan, for the neighborhood 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 neighborhood 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 neighborhood 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 neighborhood 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 of the powers necessary or convenient to implement the operating plan, including the power to contract.

(4m) A municipality may annex territory to an existing neighborhood improvement district if all of the following conditions are met:

(a) An owner of real property subject to general real estate taxes and located in the territory proposed to be annexed has petitioned the municipality for annexation.

(b) The planning commission has approved the annexation.

(c) At least 30 days before annexation, the planning commission has held a public hearing on the proposed annexation. 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 a detail map showing the boundaries of the territory proposed to be annexed to the neighborhood improvement district, shall be sent by certified mail to all owners of real property within the territory proposed to be annexed. The notice shall state the boundaries of the territory proposed to be annexed.

(d) Within 30 days after the hearing under par. (c), one of the following has not filed a petition with the planning commission protesting the proposed annexation:

1. The owners of property in the territory to be annexed that would be assessed under the operating plan having a valuation equal to more than 40 percent of the valuation of all property in the territory to be annexed that would be assessed under the operating plan, using the method of valuation specified in the operating plan.

2. The owners of property in the territory to be annexed that would be assessed under the operating plan having an assessed valuation equal to more than 40 percent of the assessed valuation

of all property in the territory to be annexed that would be assessed under the operating plan.

(5) All special assessments received from a neighborhood improvement district and all other appropriations by the municipality or other moneys received for the benefit of the neighborhood 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. (4) (c) or on order of the board for the purpose of implementing the operating plan. On termination of the neighborhood 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 neighborhood improvement district, in the same proportion as the last collected special assessment.

(6) (a) Subject to pars. (b) and (c), a municipality shall terminate a neighborhood improvement district if one of the following occurs:

1. The owners of property assessed under the operating plan having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan, using the method of valuation specified in the operating plan, file a petition with the planning commission requesting termination of the neighborhood improvement district.

2. The owners of property assessed under the operating plan having an assessed valuation equal to more than 50 percent of the assessed valuation of all property assessed under the operating plan, file a petition with the planning commission requesting termination of the neighborhood improvement district.

3. The owners of property assessed under the operating plan having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan fail to file a petition with the planning commission to continue the neighborhood improvement district within one year of the date on which the membership of the board changes from a majority which represents commercial properties to a majority that represents residential properties, or vice versa, as described under sub. (4) (a) 3.

(b) 1. A petition may not be filed under this subsection earlier than one year after the date on which the municipality first adopts the operating plan for the neighborhood improvement district.

2. On and after the date on which a petition is filed under par. (a) 1. or 2., or on and after the date on which a petition must be filed under par. (a) 3., 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 the hearing under subd. 3. and unless the neighborhood improvement district is not terminated under par. (c).

3. Within 30 days after the filing of a petition under par. (a) 1. or 2., the planning commission shall hold a public hearing on the proposed termination. Within 30 days after the deadline for filing a petition under par. (a) 3. passes, 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 a detail map showing the boundaries of the neighborhood improvement district, shall be sent by certified mail to all owners of real property within the neighborhood improvement district. The notice shall state the boundaries of the neighborhood improvement district and shall indicate that copies of the operating plan are available from the planning commission on request and are posted in the building in which the municipality's governing body regularly holds its meetings.

4. Within 30 days after the date of the hearing under subd. 3., 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 par. (a) 1. or 2., that the owner retracts the owner's request to terminate the neighborhood improvement district, or, if the owner did not file or sign a petition

under par. (a) 1. or 2., that the owner requests termination of the neighborhood improvement district under par. (a) 1. or 2.

5. Within 30 days after the date of the hearing under subd. 3., 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 par. (a) 3., that the owner retracts the owner's request to continue the neighborhood improvement district, or, if the owner did not file or sign a petition under par. (a) 3., that the owner requests continuation of the neighborhood improvement district under subd. 3.

(c) After the expiration of 30 days after the date of the hearing under par. (b) 3., and after adding any additions and subtracting any retractions under par. (b) 4. and 5., the municipality shall terminate the neighborhood improvement district on the date on which the obligation with the latest completion date entered into to implement the operating plan expires if the owners who have signed the petition requesting the termination of the neighborhood improvement district under par. (a) 1. or 2. constitute the required groups specified in par. (a) 1. or 2., or if an insufficient representation of owners, as described under par. (a) 3., petition to continue the neighborhood improvement district under par. (a) 3.

(7) (a) 1. Except as provided in subd. 2., any parcel of real property used exclusively for less than 8 residential dwelling units and real property that is exempted from general property taxes under s. 70.11 may not be specially assessed for purposes of this section.

2. In a 1st class city, 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 neighborhood 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.

History: 2005 a. 186; 2009 a. 147; 2017 a. 70.

**66.1111 Historic properties. (1) DEFINITIONS.** In this section:

(a) "Historic property" has the meaning given under s. 44.31 (3).

(b) "Political subdivision" means a city, village, town or county.

(2) **ACQUISITION OF PROPERTY.** A political subdivision may acquire by gift, purchase or condemnation any property right in historic property, whether the property is real or personal.

(3) **OWNERSHIP, USE AND DISPOSITION OF PROPERTY.** (a) A political subdivision may preserve or rehabilitate any historic property which it owns, construct buildings on that property, own and maintain that property for public purposes or lease or convey that property.

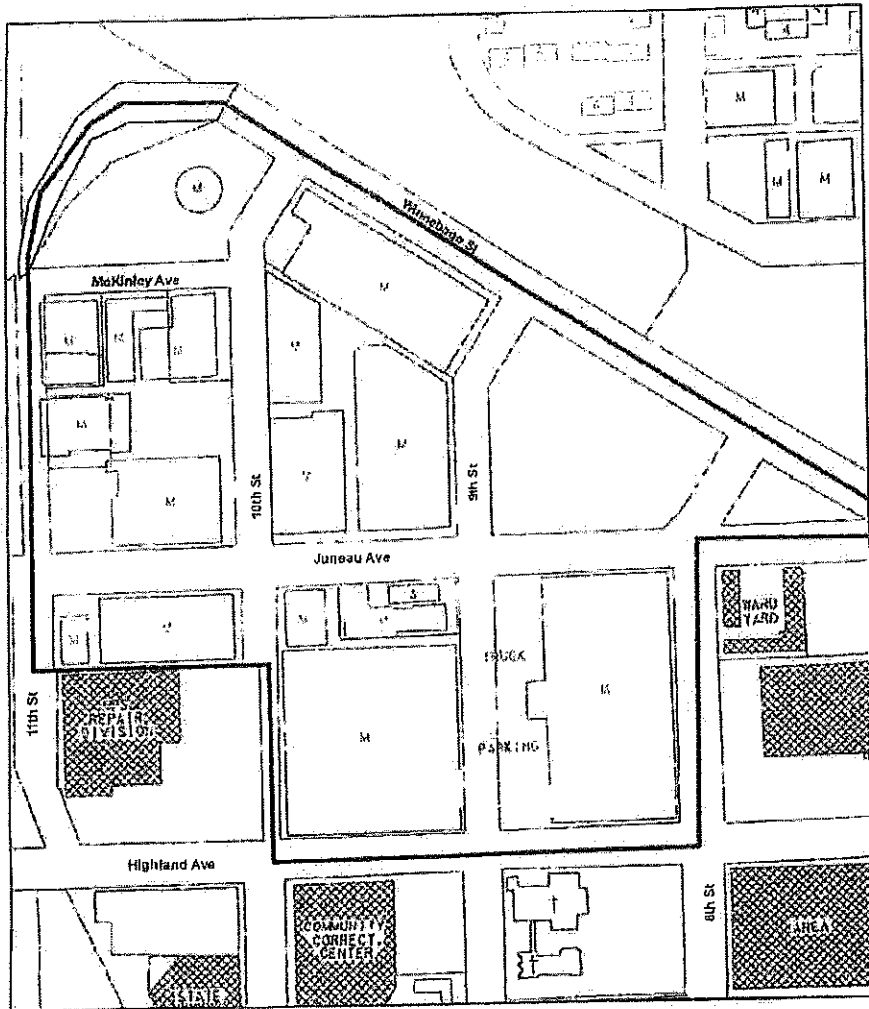
(b) If a political subdivision leases to another person historic property, the political subdivision shall include provisions in the lease which protect the historic character and qualities of that property. If the political subdivision conveys historic property, the political subdivision shall obtain a conservation easement under s. 700.40 to protect the historic character and qualities of the property.

(4) **CONSIDERATION OF EFFECTS ON HISTORIC PROPERTIES.** (a) In the earliest stage of planning any action related to the following, a political subdivision shall determine if its proposed action will affect any historic property which is a listed property, as defined under s. 44.31 (4), or which is on the list of locally designated historic places under s. 44.45:

1. Long-range planning for facilities development.
2. Any action under sub. (3).
3. Razing any historic property which it owns.



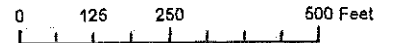
APPENDIX B  
District Boundaries



**The Brewery**  
Neighborhood Improvement Boundary (NID)

 Potential NID Boundary

Produced by  
Department of City Development Information Center RTW  
Project File:  
WMap Requests 2005the brewery nids & brewery nids.mxd  
Map File:  
WMap Requests 2005the brewery nids & brewery nids.pdf  
Generated: 07-August-2006, Scale = 1:2,500



APPENDIX C

Listing of Properties Included in the District  
and District Assessments

NID No. 1 City of Milwaukee

rem_taxkey	addr	rem_owner1	rem_curr_land	rem_curr_imprv	rem_curr_total	2019 assessment
<b>Commercial</b>						
3620452000	1243 N 10TH	PBH REDEVELOPMENT LLC	397500	4459500	\$ 4,857,000.00	\$ 8,391.79
3620453000	1220 N 11TH	BREWERY SILO LLC	309000	151000	\$ 460,000.00	\$ 794.78
3620501000	1017 W MC KINLEY	BREWER SILO LLC	816700	75000	\$ 891,700.00	\$ 1,540.65
3620502000	1217 N 10TH	NEIGHBORHOOD IMPROVEMENT	1300	200	\$ 1,500.00	\$ 2.59
3620508000	1036 W JUNEAU	BLUE RIBBON REDEV FUND III	457200	6304800	\$ 6,762,000.00	\$ 11,683.20
3620509000	1203 N 10TH	BREWERY HOUSE LLC	656600	12746400	\$ 13,403,000.00	\$ 23,157.33
3620512000	902 W JUNEAU	BREWERY PARKING	1200500	5551500	\$ 6,752,000.00	\$ 11,665.92
3620541000	1037 W MC KINLEY	JONJA HOLDINGS LLC	347500	2826500	\$ 3,174,000.00	\$ 5,483.95
3620551000	1240 N 10TH	BOARD OF REGENTS OF THE	396500	9561500	\$ 9,958,000.00	\$ 17,205.16
3620601000	821 W WINNEBAGO	MKE HOTEL LLC	1473900	9193600	\$ 10,667,500.00	\$ 18,431.01
3910751000	901 W JUNEAU	BREW CITY REDEVELOPMENT	459000	741200	\$ 1,200,200.00	\$ 2,073.67
3910861000	1037 W JUNEAU	BLUE RIBBON REDEVELOPMENT	180900	455100	\$ 636,000.00	\$ 1,098.86
3910871000	925 W JUNEAU	MILWAUKEE DEVELOPMENT CORP	4100	0	\$ 4,100.00	\$ 7.08
3910891000	1131 N 8TH	SSL MILWAUKEE LLC	1525900	1199100	\$ 2,725,000.00	\$ 4,708.18
3910892000	1131 N 8TH	SSL MILWAUKEE LLC	1525900	968100	\$ 2,494,000.00	\$ 4,309.06
<b>Residential</b>						
3910862000	1009 W JUNEAU	MILWAUKEE PABST HOLDINGS LLC	792500	899500	\$ 1,692,000.00	\$ 2,923.39
3910872000	1125 N 9TH	BLUE RIBBON SUITES LLC	3120000	12160000	\$ 15,280,000.00	\$ 26,400.36
3620441100	925 W WINNEBAGO	BLUE RIBBON LOFT APTS LLC	1444000	4379000	\$ 5,823,000.00	\$ 10,060.82
3620521000	1244 N 9TH	BREWERY POINT APTS LLC	336000	1659000	\$ 1,995,000.00	\$ 3,446.91
3620531000	1003 W WINNEBAGO	BLOCKS 4 AND 5 LLC	1312000	5988000	\$ 7,300,000.00	\$ 12,612.74
3620552000	926 W JUNEAU	BLOCKS 4 AND 5 LLC	880000	4040000	\$ 4,920,000.00	\$ 8,500.64
3620561110	840 W JUNEAU	FREDERICK LOFTS LLC	960000	13800000	\$ 14,760,000.00	\$ 25,501.92
						\$ 200,000.00
						\$ 63,986,000
						\$ 51,770,000
2019 Budget	\$	200,000.00			Commercial	55%
Rate	\$	0.0017277722105118			Residential	45%

APPENDIX D

Proposed 2019 Budget

**NID No.1 - 2019 Budget**

<b>Category</b>	<b>2018</b>	<b>2019</b>
Snow Plowing	\$ 7,500	\$ 10,000
Pabst Sign Electric	\$ 1,000	\$ 1,000
Pabst Sign Repairs	\$ 2,500	\$ 2,500
Legal Fees	\$ 1,000	\$ 1,000
Admin Fees	\$ 29,000	\$ 29,000
Audit Fee	\$ 7,000	\$ 7,000
Storm Water Retention Main	\$ 5,000	\$ 10,000
Public Art Maintenance	\$ 2,000	\$ 2,000
Day Porters	\$ 12,500	\$ 13,000
Security	\$ 36,500	\$ 40,000
Property Identification	\$ 500	\$ 500
Directors/Officers and Liab Ins	\$ 2,000	\$ 2,000
Commercial Property Insurance	\$ 6,500	\$ 3,500
Preservation Park Water	\$ 1,000	\$ 1,000
Zilber Park Water	\$ 1,000	\$ 1,000
Preservation Park Property Tax	\$ 250	\$ 150
Zilber Park Property Tax	\$ 250	\$ 50
Landscaping	\$ 14,500	\$ 35,000
Preservation Park Electricity	\$ 2,500	\$ 2,500
Zilber Park Electricity	\$ 2,500	\$ 2,500
Park maintenance	\$ 5,000	\$ 1,300
Website	\$ 2,500	\$ 2,500
Holiday Lighting	\$ 25,000	\$ 25,000
Bubler Bike Station	\$ 20,000	\$ -
Contingency	\$ -	\$ 7,500
<b>Total</b>	<b>\$ 187,500</b>	<b>\$ 200,000</b>

# Neighborhood Improvement District No. 1 (The Brewery District) 2018 Annual Report



## **Neighborhood Improvement District No. 1**

Neighborhood Improvement Districts ("NID") are authorized by Section 66.1110, Wisconsin Statutes and serve as a tool for property owners and municipalities to work together to strengthen neighborhoods. NIDs serve primarily as self assessment district in which property owners assess themselves and use those funds to enhance their area.

On October 29, 2008, the Common Council of the City of Milwaukee adopted File No. 080615, which created NID No. 1 (The Brewery District), and approved its Initial Operating Plan. During 2018 NID No. 1 continued its mission of providing a more clean, safe and friendly setting for the residents, workers, students and guests throughout The Brewery District neighborhood.

## **Total Assessed Value of Properties within the Brewery District**

As the Brewery District nears completion, total assessed property values increased from \$77,200,900 in 2017 to \$92,249,500 in 2018. The \$15,048,600 increase in assessed property value was a result of real estate investment and developments, and the completion of a new 84-unit residential apartment building, a mixed-use office building with a brewery, restaurants and event space, and Preservation Park a new public space for residents, workers, students and guests visiting the District to enjoy.

## **Core Programs**

The 2018 Operating Plan proposed spending \$187,500 on a variety of activities. Major accomplishments are listed below:

### **Day Porter Services**

To ensure the cleanliness of the neighborhood, the District's Day Porter Services remove on average, 240 gallons of trash each week.

### **Public Safety**

The Brewery District is committed to the safety of the neighborhood. Investment in a Security Officer and communication with the community are part of the strategic proactive measures implemented by the District.

### **Park Operation**

Zilber Park and Preservation Park further enhance the vibrancy of our neighborhood and sustainability commitments. The District operates and maintains both parks which are also used for wedding ceremonies.

### **Stormwater Management**

The Brewery District is designed to capture all stormwater from roof tops, and open areas before entering the combined sewer system. The stormwater is collected and purified through the implementation of underground detention reservoirs, porous pavement areas, 21 bioswales, and the aggressive use of landscaping and native plantings. The Brewery District, once a 100% impervious site, infiltrates over 75% of the average annual rainfall and extracts 85% of its pollutants. The Brewery District is currently developing Stormwater BMPs to continue to maintain its stormwater management system and continue its LEED ND commitments.

### **Annual Landscaping**

The District maintains 21 bioswales, trees, seasonal flower beds, native plants, and the public right-of-way on Juneau Avenue as part of its landscaping maintenance plan. Debris and trash are removed, shrubs and trees are pruned, landscaping beds are weeded, mulch is installed, and leaves are removed and each spring and fall under our Landscaping contract.

### **Winter Maintenance**

Each winter, snow is removed from public areas including Zilber Park, Preservation Park and a pedestrian walkway between the District's parking garage and 10th Street.

### **Public Art Maintenance**

The District's public art maintenance plan includes Zilber Park's bronze statue, a Gabion Ice Wall and the Preservation Park's Artifact Gallery.





### Historic PABST Sign Maintenance

The Brewery District conducts regular engineering inspections and maintenance of the historic PABST sign over Juneau Avenue to preserve the sign's structural integrity and ensure it remains as a iconic symbol of Milwaukee's brewing history for years to come.

### Holiday Lighting Program

The District's first holiday lighting program will be implemented in the 2018 season.

### Board Meetings

The Brewery District Board held ten public meetings from September 2017 through August 2018 to insure the Operating Plan and its objectives are fully realized. Additionally, a Neighborhood Committee was created and held three meetings.

### Economic Development

The Brewery District celebrated the completion of five developments between September 2017 and August 2018. These developments included the opening of The 42, a new mixed-use office, restaurant, brewery and event space development, Vim + Vigor an exciting new residential apartment building, a Bublr Bike station and the development of Preservation Park as a monument to the Brewery District's restoration of the historic Pabst Brewing Company Complex, and its transformation into a vibrant, mixed-use neighborhood.

### Marketing and Branding

Branding and a new website are currently being developed to further promote the District.

### Annual Meeting

On August 16, 2018 the Annual Owner's Meeting was held to elect NID No. 1's Board of Directors.

The following individuals were elected to one-year terms:

Representing owner of largest property by assessed value: Mr. Kelly

Representing a multi-tenant office building: Mr. Noonan

Representing commercial business: Mr. Haertel

Representing a parking structure or lot: Mr. McCarthy

Representing an owner of a residential property: Ms. Narduzzi

Following the initial Owner's meeting, a Board of Director's meeting of NID No. 1 (The Brewery) was held. In that meeting the following officers were elected:

Chairman: Mr. Kelly

Secretary: Ms. Narduzzi

Treasurer: Mr. Haertel

In addition, the Board approved the Year 11 (2019) Operating Plan.

In summary 2018 was a year of continuing NID No. 1's property management and maintenance responsibilities.







**City of Milwaukee Neighborhood  
Improvement District No. 1:  
The Brewery**

**Financial Statements**  
Years Ended December 31, 2017 and 2016

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**City of Milwaukee**  
**Neighborhood Improvement District No. 1: The Brewery**

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Financial Statements  
Years Ended December 31, 2017 and 2016

**City of Milwaukee**  
**Neighborhood Improvement District No. 1: The Brewery**

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## Independent Auditor's Report

Board of Directors  
City of Milwaukee Neighborhood Improvement District No. 1: The Brewery  
Milwaukee, Wisconsin

We have audited the accompanying financial statements of City of Milwaukee Neighborhood Improvement District No.1: The Brewery (the District), which comprise the statements of net assets as of December 31, 2017 and 2016, the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements.***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 8 and the required supplementary information on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BDO USA, LLP

July 18, 2018

**Management's Discussion and Analysis (Unaudited)**



**City of Milwaukee**  
**Neighborhood Improvement District No. 1: The Brewery**  
**Management's Discussion and Analysis (Unaudited)**

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This section of the City of Milwaukee Neighborhood Improvement District No. 1: The Brewery (the District) financial report presents a discussion and analysis of the District's financial performance for the years ended December 31, 2017 and 2016. The discussion has been prepared by management, along with the financial statements and related footnote disclosures, and should be read in conjunction with, and is qualified in its entirety by, the financial statements and notes. This discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts.

***Using the Financial Report***

This financial report consists of three financial statements that focus on the financial condition of the District and the results of its operations as a whole.

One of the most important questions asked about governmental finances is whether the unit of government as a whole is better off or worse off as a result of the year's activities. A key to the understanding of this question is the statement of net assets, statement of revenues, expenses, and changes in net assets, and the statement of cash flows which present financial information in a format similar to that used by businesses.

The statements of net assets include all of the District's assets and liabilities. It is prepared using the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. The District's net assets are one indicator of its financial health. Generally, over time, increases or decreases in net assets will indicate the improvement or erosion of the District's financial health.

The statements of revenues, expenses, and changes in net assets present the revenues earned and the expenses incurred during the period. The District's activities are reported as operating. The District currently has only minimal operating activities, which are shown in detail in the statements of revenues, expenses, and changes in net assets. Note that the amount for net assets at end of period on these statements agrees with total net assets on the statements of net assets.

Other important factors to consider when evaluating financial viability are the District's ability to meet financial obligations as they are due and its ability to generate future net cash flows. The statements of cash flows present the information related to cash inflows and outflows summarized by operating, capital financing, and investing activities. In addition to information about cash transactions, the statements of cash flows reconciles the increase in net assets on the statements of revenues, expenses, and changes in net assets, with net cash provided by operating activities on the statements of cash flows.

**City of Milwaukee**  
**Neighborhood Improvement District No. 1: The Brewery**  
**Management's Discussion and Analysis (Unaudited)**

---

**Statements of Net Assets**

<i>December 31,</i>	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets	\$ 182,858	\$ 188,470
Non-current capital assets	50,000	51,444
<b>Total Assets</b>	<b>\$ 232,858</b>	<b>\$ 239,914</b>
<b>Liabilities</b>		
Current liabilities	\$ 18,320	\$ 15,711
<b>Net Assets</b>	<b>214,538</b>	<b>224,203</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 232,858</b>	<b>\$ 239,914</b>

***Current Assets***

Current assets consist of cash in the District's bank account, prepaid insurance premiums for the District's business insurance policy, and miscellaneous receivables.

***Noncurrent Capital Assets***

During 2009, the District received a donation of property that had a fair value of \$50,000. The District received no material donations during 2017 or 2016.

***Current Liabilities***

Current liabilities consist primarily of accounts payable and accrued expenses.

***Accounts Payable***

Accounts payable consist of expenses for goods and services received from vendors in the current year but paid for in the following year. The balance of accounts payable at December 31, 2017 and 2016 is predominantly made up of snow removal fees, management fees, electricity, repairs and maintenance, real estate tax due, and other miscellaneous items.

***Accrued Expenses***

Accrued expenses consist of expected audit fees.

**City of Milwaukee**  
**Neighborhood Improvement District No. 1: The Brewery**  
**Management's Discussion and Analysis (Unaudited)**

---

**Statements of Revenues, Expenses, and Changes in Net Assets**

<i>Year ended December 31,</i>	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
Assessment income	\$ 87,500	\$ 135,500
<b>Expenses</b>		
Operating expenses	95,721	100,634
Depreciation expense	1,444	3,465
<b>(Decrease) Increase in Net Assets</b>	<b>(9,665)</b>	<b>31,401</b>
<b>Net Assets, beginning of period</b>	<b>224,203</b>	<b>192,802</b>
<b>Net Assets, end of period</b>	<b>\$ 214,538</b>	<b>\$ 224,203</b>

**Revenues**

***Assessment Income***

The District earned \$87,500 and \$135,500 in assessment income during 2017 and 2016, respectively. The annual assessment for the District's operating expenses is levied by the City of Milwaukee and remitted to the District annually.

**Expenses**

***Operating Expenses***

The District incurred \$97,165 and \$104,099 in operating expenses in 2017 and 2016, respectively, primarily for professional fees, right of way landscape, landscaping, snow removal, management fees, repairs and maintenance, security, insurance, utilities, and depreciation.

**Overall Financial Position**

Management believes the District is in good condition financially. Revenues derived from the City of Milwaukee's 2017 annual assessment, along with reserves from prior year surpluses, are expected to be adequate to cover operating working capital requirements in 2018.

**Requests for Information**

This financial report is designed to provide a general overview of the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Michael Kelly, Board President.

## Financial Statements

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**City of Milwaukee**  
**Neighborhood Improvement District No. 1: The Brewery**  
**Statements of Net Assets**

<i>December 31,</i>	2017	2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 176,350	\$ 176,859
Prepaid expenses	6,508	6,476
Miscellaneous receivable	-	5,135
<b>Total Current Assets</b>	<b>182,858</b>	<b>188,470</b>
<b>Property and Equipment</b>		
Land	50,000	50,000
Security system	10,395	10,395
	60,395	60,395
Less: accumulated depreciation	(10,395)	(8,951)
<b>Total Property and Equipment, Net</b>	<b>50,000</b>	<b>51,444</b>
<b>Total Assets</b>	<b>\$ 232,858</b>	<b>\$ 239,914</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 12,320	\$ 10,211
Accrued expenses	6,000	5,500
<b>Total Current Liabilities</b>	<b>18,320</b>	<b>15,711</b>
<b>Net Assets</b>		
Invested in capital assets	50,000	51,444
Unrestricted	164,538	172,759
<b>Total Net Assets</b>	<b>214,538</b>	<b>224,203</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 232,858</b>	<b>\$ 239,914</b>

*See accompanying notes to financial statements.*

**City of Milwaukee**  
**Neighborhood Improvement District No. 1: The Brewery**  
**Statements of Revenues, Expenses, and Changes in Net Assets**

<i>Year ended December 31,</i>	2017	2016
<b>Assessment Income</b>	<b>\$ 87,500</b>	<b>\$ 135,500</b>
<b>Operating Expenses</b>		
Electric	2,445	1,932
Insurance	9,730	8,852
Landscaping	14,423	12,934
Management fee	17,315	15,000
Professional fees - audit	6,753	4,559
Real estate taxes	112	168
Repair and maintenance	20,438	17,286
Security	13,413	32,067
Sewer and water	1,223	743
Sign maintenance	583	545
Right of way landscape	-	351
Snow removal	9,005	6,197
License and fees	229	-
Miscellaneous expense	52	-
Depreciation	1,444	3,465
<b>Total Operating Expenses</b>	<b>97,165</b>	<b>104,099</b>
<b>(Decrease) Increase in Net Assets</b>	<b>(9,665)</b>	<b>31,401</b>
<b>Net Assets, beginning of period</b>	<b>224,203</b>	<b>192,802</b>
<b>Net Assets, end of period</b>	<b>\$ 214,538</b>	<b>\$ 224,203</b>

*See accompanying notes to financial statements.*

**City of Milwaukee**  
**Neighborhood Improvement District No. 1: The Brewery**

**Statements of Cash Flows**

<i>Year ended December 31,</i>	2017	2016
<b>Cash Flows From Operating Activities</b>		
Assessment receipt	\$ 87,500	\$ 135,500
Payments to vendors	(93,144)	(109,231)
Real estate taxes received	5,135	-
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(509)</b>	<b>26,269</b>
<b>Net (Decrease) Increase in Cash</b>	<b>(509)</b>	<b>26,269</b>
<b>Cash, beginning of year</b>	<b>176,859</b>	<b>150,590</b>
<b>Cash, end of year</b>	<b>\$ 176,350</b>	<b>\$ 176,859</b>
<b>Reconciliation of (Decrease) Increase in Net Assets to Net Cash (Used in) Provided by Operating Activities</b>		
(Decrease) increase in net assets	\$ (9,665)	\$ 31,401
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,444	3,465
Increase in prepaid expenses	(32)	(965)
Decrease (increase) in miscellaneous receivables	5,135	(5,135)
Increase (decrease) in accounts payable and accrued expenses	2,609	(2,497)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>\$ (509)</b>	<b>\$ 26,269</b>

*See accompanying notes to financial statements.*

**City of Milwaukee**  
**Neighborhood Improvement District No. 1: The Brewery**

**Notes to Financial Statements**

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**1. Summary of Significant Accounting Policies**

***Description of Reporting Entity***

The City of Milwaukee Neighborhood Improvement District No. 1: The Brewery (the District) was created by the Common Council of the City of Milwaukee on May 13, 2009 under the provisions of Wisconsin Statute Section 66.1110. The purpose of the District is to sustain the development and operation of the former historic Pabst Brewery as a thriving, mixed-use development to be known as The Brewery, a Joseph J. Zilber Historic Redevelopment.

The District is governed by a five-member board appointed by the mayor and approved by the city council. All of the board members represent commercial and residential property owners as defined in the District's bylaws.

***Measurement Focus and Basis of Accounting***

The statements of net assets and the statements of revenues, expenses, and changes in net assets are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash receipts or cash disbursements.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Statements of Cash Flows***

For purposes of the statements of cash flows, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

***Net Assets***

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or other external restrictions. Net assets related to property and equipment are classified as invested in capital assets, and the remainder of the District's net assets are classified as unrestricted.

***Property and Equipment***

Security equipment is stated at cost, and is depreciated using the straight-line method, except land which was recorded at its fair value upon date of donation. The estimated useful life is three years for the security equipment. Depreciation expense for the years ended December 31, 2017 and 2016 was \$1,444 and \$3,465, respectively.



**City of Milwaukee**  
**Neighborhood Improvement District No. 1: The Brewery**

**Notes to Financial Statements**

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***Budget***

The budget for the District for 2017 was \$87,500 of operating expenses. In 2018, an annual operating budget of \$187,500 was adopted.

**2. Assessment Income**

The annual assessment for the District's operating expenses is levied against each property within the District in direct proportion to the current assessed value of each property for real estate purposes. The City of Milwaukee levies the assessment and remits payment to the District annually. During 2017 and 2016, the District received \$87,500 and \$135,500, respectively, in assessment income.

**3. Related Party**

Zilber, Ltd. (Zilber) is related by common ownership to the developer of property within the District. Towne Realty, Inc. (Towne), a wholly owned subsidiary of Zilber, maintained the District's records through December 31, 2017, and earned a management fee of \$15,500 and \$15,000 in 2017 and 2016, respectively, for all administrative and accounting services. At December 31, 2017 and 2016, there was \$0 and \$1,250, respectively, of accounts payable due to Towne for payment of the management fee.

**4. Line of Credit**

The District had a revolving credit note with Brewery Project LLC that permitted borrowings up to \$55,000 and bore interest at the prime lending rate. All outstanding amounts were due within ten business days of receipt of the District's 2017 Annual Assessment Revenue. The revolving credit note matured on March 10, 2017 and was not renewed. No amounts were outstanding under this agreement as of 2017 or 2016.

**5. Commitments**

The District entered into a lease commencing as of June 2, 2016 which expires June 30, 2019, for a vacant parcel of land located at The Brewery. In lieu of the District paying any monetary rent under the lease, the District will be responsible for all costs and expenses related to the development and use of the land as an urban pocket park. Upon the termination of the lease, the parcel of land will be transferred to the District for the price of \$10.

**6. Subsequent Events**

The District has evaluated subsequent events through July 18, 2018 which is the date the financial statements were available to be issued.

## Required Supplementary Information

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**City of Milwaukee**  
**Neighborhood Improvement District No. 1: The Brewery**  
**Budgetary Comparison Schedule (Unaudited)**

<i>Year ended December 31, 2017</i>	Budget	Actual
<b>Assessment Income</b>	<b>\$ 87,500</b>	<b>\$ 87,500</b>
<b>Expenses</b>		
Electric	6,000	2,445
Insurance	8,500	9,730
Landscaping and lawn care	14,500	14,423
Legal fees	1,000	-
Management fee	15,500	17,315
Professional fees - audit	7,000	6,753
Real estate taxes	500	112
Repair and maintenance	24,500	20,438
Security	50,000	13,413
Sewer and water	2,000	1,223
Sign maintenance	2,500	583
Snow removal	7,500	9,005
Newsletter	2,500	-
Depreciation	-	1,444
Holiday lighting	25,000	-
Licenses and fees	-	229
Miscellaneous expense	-	52
Bubler Bike Station	20,000	-
Property identification	500	-
<b>Total Expenses</b>	<b>187,500</b>	<b>97,165</b>
<b>Change in Net Assets</b>	<b>(100,000)</b>	<b>(9,665)</b>
<b>Net Assets, beginning of period</b>	<b>224,203</b>	<b>224,203</b>
<b>Net Assets, end of period</b>	<b>\$ 124,203</b>	<b>\$ 214,538</b>

*See accompanying notes to financial statements.*

