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July 18, 2019

Members of the Zoning, Neighborhoods  
& Development Committee  
City of Milwaukee  
City Hall, Room 205  
Milwaukee, WI 53202

RE: File 190544, TID 83 – Broadway & Michigan  
Amendment 2

Dear Committee Members:

File 190544 would approve Amendment 2 to the Tax Incremental District (TID) 83 (the District) project plan and term sheet. We have reviewed the project plan and feasibility study, and have had discussions with Department of City Development (DCD) staff. Our analysis is based on the information provided.

The District was created in 2015 to provide a \$900,000 developer-financed grant to 225 East Michigan Street LLC for restoration work at the Mackie Building located at 225 East Michigan Street, Phase 1 of a 3 Phase project. Amendment 1 to the District provided \$1,960,000 in funding for public improvements and administrative costs in 2015 in conjunction with Phase 2 of the project; completion of a 94 room Homewood Suites at the Button Block Building located at 500 North Water Street by Bear Development, LLC.

Phase 3 of the project is beginning with the construction of a 153,000 SF mixed-use office building within the District by 511 Holdings, LLC (the Developer). The office building will be constructed on a surface parking lot south of the Mackie Building and will be known as the Huron Building. The Huron Building will be located at the southwest corner of North Broadway and East Clybourn Street. The District is being amended to provide funding for additional public infrastructure improvements, benefiting the entire District (the Project) and administrative costs.

The table on the following page shows a summary of project budget amendments and funding increases for the District.



<b>TID 83 Project Budget Revisions</b>		
<b>File No.</b>	<b>Description</b>	<b>Amount</b>
150184	Original Project Plan - authorized a \$900,000 developer grant to assist in the restoration of the Mackie Building and \$112,500 in administration.	\$ 900,000
150914	Amendment 1 - authorized an additional \$1,085,000 in developer grants for redevelopment of the Mackie Building and the Button Block Building, \$850,000 in associated public improvements, and \$25,000 in administration.	1,960,000
	<b>Total Current Budget</b>	<b>2,972,500</b>
190544	Proposed Amendment 2 - authorizes a \$3,800,000 developer grant for public improvements in conjunction with the construction of the Huron Building, \$100,000 for Pompeii Square, and \$75,000 in administration.	3,975,000
	<b>Total Budget Including File No. 190544</b>	<b>\$ 6,947,500</b>

Total estimated costs for the Project are \$3,900,000. This file authorizes a \$3,800,000 grant to the Developer to fund project costs. The Developer will advance the \$3,800,000. After substantial completion of the Project, the District will make annual payments to the Developer equal to the incremental taxes collected in the District, less an annual administration charge of \$7,500. The District's payments will terminate at the earlier of the repayment of \$3,800,000 plus 5.5% interest, or the payment derived from the 2029 levy payable in 2030. In addition to the Developer funded portion of the Project, the City is contributing up to \$100,000 for landscape, lighting, public art, and signage improvements at Pompeii Square.

Amendment 2 estimated project costs, excluding financing and interest costs, are outlined below.

<b>TID 83 Amendment 2 Estimated Project Costs</b>	
Hardscape/Landscape	\$ 2,325,000
Lighting	250,000
Excavation/Environmental	100,000
Utilities	25,000
I-794 Underpass Improvements	200,000
Pompeii Square	100,000
Design and Project Management	450,000
Contingency	450,000
Administrative Costs	75,000
<b>Total</b>	<b>\$ 3,975,000</b>

**Is This Project Likely to Be Successful?**

The feasibility study provided by DCD forecasts that tax increments on the Huron Building properties will fully recover the \$3,900,000 of project costs plus financing in 2028, after receipt of the 2027 levy. The Developer assumes the repayment risk for \$3,800,000 of this Amendment's costs, while the City assumes the repayment risk for the remaining \$100,000. This proposed Amendment appears feasible based on the Comptroller's Office review.

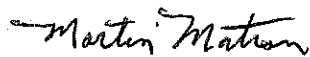
**Is the Proposed Level of City Financial Participation Required to Implement the Project?**

This proposed amendment allows the City to finance public infrastructure improvements within and near the District. Without this amendment, the City would have to find an alternate funding source for these projects.

**Conclusion**

Based on the feasibility study, it appears that the District is likely to generate enough cash to fund the \$3,900,000 of planned public improvements in Amendment 2. Should you have any questions regarding this letter, please contact Joshua Benson at 2194.

Sincerely,



Martin Matson  
Comptroller

MM/JB  
CC: Dan Casanova