

AMENDMENT NO. 1

PROJECT PLAN FOR TAX INCREMENTAL FINANCING DISTRICT NO. 70
("735 N Water Street")

CITY OF MILWAUKEE

Public Hearing Held: March 18, 2010

Redevelopment Authority Adopted: March 18, 2010

Common Council Adopted:

Joint Review Board Approval:

**AMENDMENT NO. 1 to the PROJECT PLAN for
TAX INCREMENTAL FINANCING DISTRICT NUMBER 70
CITY OF MILWAUKEE
(735 N Water Street)**

Introduction

Section 66.1105(4)(h)(1), Wisconsin Statutes, permits the Redevelopment Authority, subject to the approval of the Common Council, to amend the project plan for a tax incremental financing district.

The Common Council created Tax Incremental District Number 70 in 2007 for the purpose of facilitating the redevelopment efforts of the buildings located at 731 - 735 North Water Street and the property's associated Riverwalk along the Milwaukee River. This amendment will modify the scope of the private investment as it relates to the end use of the building at 731 N Water Street. It was originally anticipated that the building at 731 North Water Street would be converted to a parking garage and seven luxury condominiums. Given a significant change in the market, the proposed development program now includes a conversion of the building into a Gold's Gym and retail, office and "gray box" condominium spaces.

The City will provide \$1.5 million of gap financing to assist in the redevelopment of the 735 North Water Street office structure. This building consists of 291,000 sf of office space with a current vacancy rate of 35%. All funding for this component of the TID will be advanced by the developer/owner of the building and be repaid, with interest at the City's cost of funds. In addition to gap financing, the City will provide up to \$1,553,992 for the renovation of 480 linear feet of Riverwalk. Funding for this component will be advanced by the City and be repaid from the future incremental revenue generated by the project.

In summary, Amendment No. 1 to the Project Plan will provide \$3,053,992 for the purposes of renovating 480 linear feet of Riverwalk and to assist in the redevelopment of the buildings at 731-735 North Water Street. In addition, the Project Plan will fund \$120,000 for administration purposes.

This amendment is submitted in fulfillment of the requirements of section 66.46, Wisconsin Statutes.

Amendments to the Project Plan:

The following amendments are made to the Project Plan. All other sections of the Plan remain unchanged.

Add to section II.B.3 "Description of Timing and Methods of Financing":

a. Estimated Timing of Project and Financing Costs

Year	Estimated Project Costs	Cumulative Total
2010-2011	\$3,236,000	\$3,236,000

b. Estimated Method of Financing Project Costs

The Gap Financing component will be funded by the developer, at the City's cost of funds. The Riverwalk component, administration will be funded by the General Obligation Bonds.

Add to section II.B.4. "Economic Feasibility Study":

The Economic Feasibility Study for this District, prepared by S.B. Friedman & Company and titled Updated Economic Feasibility Report Tax Increment District No. 70, dated March 11, 2010, is attached hereto.

Based upon the anticipated tax incremental revenue to be generated by this project, the District is financially feasible and is likely to be retired on or before the year 2033 (TID year 26).

Add to section III. EXHIBITS:

1. Term Sheet (attached)
2. Feasibility Study (attached)