

Date: October 27, 2006

Subject: Park East TID Economic Feasibility Study – Revised Draft
(originally submitted August 14, 2006)

From: *S. B. Friedman & Company*

To: James Scherer, City of Milwaukee Department of City Development
Allison Rozek, City of Milwaukee Department of City Development

S. B. Friedman & Company (SBFCo) was engaged by the City of Milwaukee Department of City Development (DCD) to conduct an economic feasibility study for the Park East Tax Increment District (TID) to analyze the impact of development projects and improvement costs that have arisen subsequent to the economic feasibility study dated February 4, 2005.

This document outlines *SBFCo*'s methodology and findings regarding the ability of the TID to amortize potential additional project costs. The analysis contained in this study includes projections of incremental property tax revenue to be generated by seven potential development projects and estimated amortization of existing and additional debt associated with several alternative TID scenarios.

Context and Background

In 2005, *SBFCo* conducted an economic feasibility study in association with the amendment and restatement of the Park East TID (established in 2002), which was undertaken to expand the TID boundary and augment the project budget. The Park East has collected approximately \$204,000 in incremental property tax revenue through January 31, 2006, and is estimated to collect approximately \$270,000 by January 31, 2007.

A number of development and redevelopment projects are currently in the planning and construction phases, providing the potential for increased district value and growth in incremental property tax revenue. At the same time, the Mandel Group has requested additional TID funding assistance not previously included in the Park East TID project budget to help support its mixed-use project on the former Pfister & Vogel Tannery Site (The North End). Of this additional funding, \$5.2 million would be used to support TID project costs related to improvements to the riverwalk and dock wall; construction of Kewaunee, Milwaukee, and Broadway street stubs; other street construction and infrastructure costs (e.g., sewer, sidewalks); construction of public plazas; and demolition and environmental remediation occurring in public rights-of-way. An additional \$550,000 of costs has also been included in the TID budget for job training and TID administrative costs, bringing the overall increase in TID project costs related to the North End to a total of \$5.8 million. Please refer to Appendix Exhibit 1 for detailed cost estimates.

Seeking to minimize any negative impacts on the balance of the district and given the modest performance of the Park East TID to date, the City has asked *SBFCo* to analyze the feasibility of these TID project costs within the context of the existing Park East TID.

Overall Approach

In addition to documentation provided by DCD, *SBFCo* has based its projections and debt amortization schedules on the following sources of information:

- Characteristics (number of residential units planned and sold, unit size, and pricing; nature and square footage of non-residential uses; and anticipated project timing) of known development projects;
- Interviews with real estate developers and other parties with an interest in specific developable properties in the Park East TID;
- TID revenue and expenditure history obtained from DCD;
- Real property assessment data obtained from the City Assessor's Office; and
- Cost estimates for infrastructure, demolition, and environmental clean-up provided by the Mandel Group.

Assumptions

SBFCo's projections of incremental property tax revenue are based on the assumptions outlined in the following paragraphs.

TAX RATE AND INFLATION

In the February 2005 economic feasibility study for the Park East TID, all properties were assumed to be taxed at a flat rate of 2.586% (the 2004 net tax rate less state credit) for the entire life of the TID. Because the tax rate was held constant, residential assessed values are assumed to grow at a rate of 2.0% per year, and commercial properties were assumed to grow 0.0% per year.

Because of changes in the City's preferred tax rate methodology, this study assumes a declining tax rate (with a floor of 2.0%), and annual growth rates of 3.5% for residential properties and 2.0% for commercial properties.

ASSESSED VALUES

Residential Units

Where available, actual unit pricing was used as an approximation of assessed value for for-sale residential units (both condominiums and townhouses). For rental residential units and those for-sale units for which sale prices were unavailable, comparable property data was analyzed to arrive at a general 2006 assessed value per square foot assumption for these property types. Condominium and townhouse assessed value was estimated using data for developments that are

five years old or less and located in the aldermanic districts in and around downtown Milwaukee (districts 3, 4, and 6). A summary of properties analyzed is included as Appendix Exhibits 2A and 2B. Eight relatively new or recently renovated high-end apartment properties were analyzed, all of which were completed in 1995 or later. A summary of properties analyzed is included as Appendix Exhibit 2C.

Figure 1 outlines the per-square-foot residential values used in this study, as well as the corresponding values used in the February 2005 economic feasibility study.

Figure 1. Comparison of Residential Assessed Values per Square Foot

Residential Type	Assessed Value per Square Foot (Comparables-Based)	
	Feb. 2005 Study (2004\$)	Current Study (2006\$)
Apartments	\$45	\$105
Townhouses	\$160	\$180
Condominiums	\$180	\$225

Per-square-foot assessed values for townhouses and condominiums have grown significantly since the previous economic feasibility study, exhibiting compound annual growth rates of 6 and 12 percent, respectively. The change in per-square-foot apartment assessed values used for this study, however, is due to a change in methodology. In the February 2005 study, apartment buildings were analyzed on a City-wide basis, resulting in a building sample that included properties of greater age and lower quality than the new-construction projects to be undertaken in the Park East TID. *SBFCo* has revised its methodology to include only the most comparable rental residential buildings.

Commercial Space

Among the seven new development and redevelopment projects included in this study, a range of non-residential uses are contemplated, including hotel, restaurant, professional/medical office, branch banking, and general neighborhood-level retail. While most developer representatives indicated general tenant types that are being sought for each project, specific tenants have not been identified for any of the projects studied. Because ultimate rent levels could vary widely based on specific commercial tenants, *SBFCo* chose not to use an income-based approach to value the commercial spaces. Furthermore, an estimate of the taxable personal property associated with these commercial uses was also excluded from the analysis.

SBFCo analyzed 2006 assessment data for each of the uses present in the group of seven development/redevelopment projects on a City-wide basis, focusing on buildings less than ten years old (sample size permitting). The resulting per-square-foot values for each use are summarized in Figure 2, along with the corresponding values used in the February 2005 study. Detail of the properties analyzed for each commercial use is included as Appendix Exhibit 3.

Figure 2. Comparison of Commercial Assessed Values per Square Foot

Commercial Type [1]	Assessed Value per Square Foot (Comparables-Based)	
	Feb. 2005 Study (\$2004)	Current Study (\$2006)
Sit-Down Restaurant	\$110 [2]	\$190
Professional Office	\$100 [3]	\$100
Medical Office	N/A	\$150
Branch Banking	N/A	\$190
Neighborhood Retail	\$110	\$120

[1] In this study, hotel properties were valued on a per-room basis: \$55,000 per room for standard (e.g., Ramada, Marriot, Hyatt, etc.) and \$175,000 per room for four-star properties (e.g., Westin, W, Four Seasons, etc.). No hotel uses were included in the February 2005 study.

[2] Included as general retail.

[3] Class B office space.

DEVELOPMENT PHASING

SBFCo projected the phasing of new development primarily based on interviews with developers, adjusting these to be more conservative in years during which total new residential and/or commercial space was estimated to exceed a realistic absorption pace. Information available regarding the future development potential of Block 12B (1301 N. Water Street) remains very preliminary, having changed little during the 18 months subsequent to the Park East TID economic feasibility study dated February 4, 2005. Phasing for this project was estimated to occur two years later than projected in the original Park East TID economic feasibility study.

Figure 3 summarizes the development projects included in the incremental property tax projection and amortization scenarios described in the remaining sections of this study.

Figure 3. Summary of Prospective Park East TID Projects

Project Name/Location	Development Program	Assumed Absorption Time Frame	Applies to Development Scenario(s):
The North End	<ul style="list-style-type: none"> • 395 condominiums • 88 rental apartments • 32,471 SF retail 	2007 – 2013	1A, 1B, 2A, (2D)
Block 7	<ul style="list-style-type: none"> • 70 condominiums • 175-room hotel • 55,000 SF office • 30,000 SF retail 	2009 – 2010	1A, 2B
Block 12B	<ul style="list-style-type: none"> • 80 condominiums • 250,000 SF office • 50,000 SF retail • 10,000 SF restaurant 	2014 – 2017	1A, 1B, 2B
Block 21	<ul style="list-style-type: none"> • 200 condominiums • 8 townhouses • 8,000 SF retail 	2008 – 2011	1A, 2B, 2C, 2D

Project Name/Location	Development Program	Assumed Absorption Time Frame	Applies to Development Scenario(s):
Block 22	<ul style="list-style-type: none"> • 160 rental apartments • 15 townhouses • 231,800 SF retail 	2008 – 2012	1A, 2B
Block 26	<ul style="list-style-type: none"> • 127 rental apartments • 5 townhouses • 127-room hotel • 18,774 SF office (incl. medical) • 42,505 SF retail/bank • 20,457 SF restaurant 	2007 – 2009	1A, 2B
Flatiron	<ul style="list-style-type: none"> • 38 condominiums • 22,860 SF retail 	2007 – 2008	1A, 2B

A summary of the annual phasing of residential units and commercial square footage is attached as Exhibit 4.

Increment Projections and Amortization of Debt

SBFCo studied the feasibility of providing additional assistance to The North End and resulting impacts on the Park East TID assuming that The North End remains in the Park East TID. *SBFCo* analyzed the sensitivity of the incremental property tax revenues to minimum and maximum development scenarios. Projections were first conducted assuming that all seven development/redevelopment projects will take place as planned/proposed (Scenario A). A second, more conservative, set of projections was conducted to reflect an update to the “Planned Residential” scenario introduced in the February 2005 economic feasibility study (Scenario B). This scenario assumes that only The North End and the mixed-use project on Block 21 will take place.

Figure 4 summarizes the amount and type of development that is assumed under each scenario.

Figure 4. Development Program by Scenario

Scenario	For-Sale Residential Units	Rental Residential Units	Hotel Rooms	Sq. Feet of Office	Sq. Feet of Commercial/Retail
A	811	375	302	312,666	459,201
B	603	88	0	0	40,471

The results of each scenario are described in turn below, and detailed projections are attached as Exhibits 5 and 6.

Each of the TID scenarios was further analyzed to determine the degree to which existing debt service obligations of the Park East TID could be repaid and new expenditures could feasibly be supported.

For the purposes of this analysis, *SBFCo* assumed the following debt amortization parameters:

- Bond issuance date of 1/1/2007 for all remaining project costs
- 4.5% annual interest rate on bonds
- 5.21% cost of funds through the local government investment pool used to cover any shortfalls in annual TID revenue
- 1.0% bond issuance costs
- Capitalized interest in years one and two
- Minimum number of level principal and interest payments required to close the TID

The project costs to be amortized under each scenario include:

- Existing Park East TID debt service on \$15.2 million of bonds previously issued
- Additional park East TID project costs not yet bonded (\$4.7 million)
- Additional TID project costs related to The North End (\$5.8 million)

Information provided by DCD indicates that existing obligations are scheduled to be repaid in 2022 (TID year 21). The following development scenarios analyze the schedule on which any additional debt obligations could be amortized, assuming that the existing debt service schedule remains unchanged.

SCENARIO A: SEVEN DEVELOPMENT PROJECTS

Scenario A examines the projected incremental property tax revenues from all seven of the identified development/redevelopment projects in the development or pre-development stages in the Park East TID. It results in a projected \$174 million in incremental property tax revenue by 2025. Exhibit 5 contains the incremental property tax projections for this scenario.

SCENARIO B: MINIMAL DEVELOPMENT

Scenario B is an update of the “Planned Residential” scenario included in the February 2005 economic feasibility study for the Park East TID. It tests the ability of the TID to generate incremental tax revenue if no development occurs beyond the two identified projects that are the most certain to occur (and to do so in a timely manner). This scenario (B) consists of The North End and Big Bend Development’s project on Block 21B, and is projected to generate \$96 million in incremental property tax revenue by 2025. See Exhibit 6 for detailed projections.

The results of the debt amortization analysis indicate that if the Park East TID remains intact, the TID will be able to amortize its current obligations (approximately \$15.2 million in principal), \$4.7 million in obligations yet to be issued under the amended project plan, and the additional TID project costs related to The North End (\$5.8 million) within the remaining life of the TID. Assuming that the debt is amortized on a schedule that includes two years of capitalized interest and fifteen level payments of principal and interest, the TID can amortize this new debt by 2023 (TID year 22). This schedule assumes no prepayment of principal is undertaken.

If prepayment of outstanding principal is undertaken when the TID has achieved a sufficient fund balance, to do so, the TID may be able to retire the new debt of \$10.5 million over a shorter timeframe. Under Scenario A, our analysis suggests that the TID may be able to achieve a positive fund balance as early as 2012 (TID year 11) and prepay the outstanding principal balance on the new bonds as early as 2013 (TID year 12). Under Scenario B, the TID may be able to achieve a positive fund balance as early as 2014 (TID year 13) and prepay the outstanding principal on the new bonds as early as 2016 (TID year 15).

Figures 5 and 6 contain the detailed amortization schedules for Scenarios A and B.

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City of Milwaukee- The Park East TID Economic Feasibility Study

Figure 5: Projected Bond Amortization-Scenario A (Park East TID with Seven Development Projects)

Issuance Date	1/1/2007
Interest Rate on Bonds	4.50%
Cost of Funds- Local Gov't Investment Pool	5.21%
Net Proceeds to Project [1]	\$ 10,456,520
Issuance Costs @ 1.0%	\$ 104,565
Cap Interest Allowance 2 Years	\$ 1,044,503
Less Projected Available Up-Front Cash	\$ -
Cap Interest Allowance	\$ 1,044,503
Total Bond	\$ 11,605,588
Assumed Level P&I Payments	15
Assumed Debt Coverage Requirement	1.0

Cap Interest Reserve

Year	Reserve	Payment
2007	\$ 1,044,503	\$ (522,251)
2008	\$ 522,251	\$ (522,251)

Year of TID	Calendar Year	Annual Inc. Tax Revenues Collected (Jan. 31) @ 100%	Repayment of Existing TID Bond Obligations	Annual Inc. Tax Revenues Available for New Debt Svc.	Amortization of New Bonding			TID Payoff Analysis					
					TID Annual Debt Service Target	Principal Bal. After Current Year's Debt Svc.	Cap Interest Payment	Annual Surplus/ (Shortfall)	Cumulative Fund Balance	Interest Earnings/ (Carry Cost) on Cuml. Balance	Existing TID Debt Retired	New TID Debt Retired	TID Able to Prepay Prin Bal. of New Debt
0	2001					N/A	\$ -	\$ -	\$ -	\$ -			
1	2002	\$ -	\$ -	\$ -		N/A	\$ -	\$ -	\$ -	\$ -			
2	2003	\$ -	\$ (44,867)	\$ (44,867)		N/A	\$ -	\$ (44,867)	\$ (44,867)	\$ (2,338)			
3	2004	\$ 11,357	\$ (112,926)	\$ (101,569)		N/A	\$ -	\$ (101,569)	\$ (148,773)	\$ (7,751)			
4	2005	\$ 60,227	\$ (416,672)	\$ (356,445)		N/A	\$ -	\$ (356,445)	\$ (512,969)	\$ (26,726)			
5	2006	\$ 132,205	\$ (851,029)	\$ (718,824)		N/A	\$ -	\$ (718,824)	\$ (1,258,518)	\$ (65,569)			
6	2007	\$ 270,129	\$ (849,874)	\$ (579,745)	\$ 522,251	N/A	\$ 522,251	\$ (579,745)	\$ (1,903,832)	\$ (99,190)	NO	NO	
7	2008	\$ 528,931	\$ (1,260,617)	\$ (731,686)	\$ 522,251	N/A	\$ 522,251	\$ (731,686)	\$ (2,734,708)	\$ (142,478)	NO	NO	
8	2009	\$ 1,182,985	\$ (1,252,261)	\$ (69,277)	\$ 1,080,640	\$ 11,047,199	\$ -	\$ (1,149,917)	\$ (4,027,104)	\$ (209,812)	NO	NO	NO
9	2010	\$ 3,362,054	\$ (1,244,969)	\$ 2,117,084	\$ 1,080,640	\$ 10,463,682	\$ -	\$ 1,036,444	\$ (3,200,472)	\$ (166,745)	NO	NO	NO
10	2011	\$ 5,114,848	\$ (1,236,955)	\$ 3,877,893	\$ 1,080,640	\$ 9,853,907	\$ -	\$ 2,797,253	\$ (569,963)	\$ (29,695)	NO	NO	NO
11	2012	\$ 7,200,519	\$ (1,236,826)	\$ 5,963,693	\$ 1,080,640	\$ 9,216,693	\$ -	\$ 4,883,052	\$ 4,283,394	\$ 223,165	NO	NO	NO
12	2013	\$ 8,218,089	\$ (1,234,467)	\$ 6,983,622	\$ 1,080,640	\$ 8,550,803	\$ -	\$ 5,902,982	\$ 10,409,540	\$ 542,337	NO	NO	YES
13	2014	\$ 8,760,253	\$ (1,219,631)	\$ 7,540,622	\$ 1,080,640	\$ 7,854,949	\$ -	\$ 6,459,981	\$ 17,411,859	\$ 907,158	NO	NO	
14	2015	\$ 9,454,168	\$ (1,430,595)	\$ 8,023,574	\$ 1,080,640	\$ 7,127,781	\$ -	\$ 6,942,933	\$ 25,261,950	\$ 1,316,148	NO	NO	
15	2016	\$ 10,223,834	\$ (1,792,661)	\$ 8,431,172	\$ 1,080,640	\$ 6,367,891	\$ -	\$ 7,350,532	\$ 33,928,629	\$ 1,767,682	NO	NO	
16	2017	\$ 11,034,021	\$ (1,792,344)	\$ 9,241,677	\$ 1,080,640	\$ 5,573,806	\$ -	\$ 8,161,037	\$ 43,857,347	\$ 2,284,968	NO	NO	
17	2018	\$ 11,757,547	\$ (1,784,479)	\$ 9,973,068	\$ 1,080,640	\$ 4,743,986	\$ -	\$ 8,892,428	\$ 55,034,742	\$ 2,867,310	NO	NO	
18	2019	\$ 12,456,370	\$ (1,776,760)	\$ 10,679,610	\$ 1,080,640	\$ 3,876,825	\$ -	\$ 9,598,969	\$ 67,501,022	\$ 3,516,803	NO	NO	
19	2020	\$ 12,856,606	\$ (1,752,387)	\$ 11,104,219	\$ 1,080,640	\$ 2,970,642	\$ -	\$ 10,023,579	\$ 81,041,404	\$ 4,222,257	NO	NO	
20	2021	\$ 13,269,501	\$ (1,604,207)	\$ 11,665,294	\$ 1,080,640	\$ 2,023,681	\$ -	\$ 10,584,653	\$ 95,848,314	\$ 4,993,697	NO	NO	
21	2022	\$ 13,695,471	\$ (1,271,244)	\$ 12,424,227	\$ 1,080,640	\$ 1,034,106	\$ -	\$ 11,343,587	\$ 112,185,598	\$ 5,844,870	YES	NO	
22	2023	\$ 14,134,946	\$ -	\$ 14,134,946	\$ 1,080,640	\$ (0)	\$ -	\$ 13,054,306	\$ 131,084,774	\$ 6,829,517		YES	
23	2024	\$ 14,588,371	\$ -	\$ 14,588,371		N/A	\$ -	\$ 14,588,371	\$ 152,502,662	\$ 7,945,389			
	2025	\$ 15,056,206	\$ -	\$ 15,056,206		N/A	\$ -	\$ 15,056,206	\$ 175,504,256	\$ 9,143,772			
TOTALS		\$ 173,368,637	\$ (24,165,771)	\$ 149,202,866				\$ 132,993,260					

Source: S. B. Friedman & Company, Milwaukee Department of City Development

[1] Bond proceeds to support additional \$5.8 million of TID project costs, plus \$4.68 million remaining to be issued in approved Park East TID budget.

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.

City of Milwaukee- The North End

Figure 6: Projected Bond Amortization-Scenario B (Park East TID with North End & Block 21 Only)

Issuance Date	1/1/2007
Interest Rate on Bonds	4.50%
Cost of Funds- Local Gov't Investment Pool	5.21%
Net Proceeds to Project [1]	\$ 10,456,520
Issuance Costs @ 1.0%	\$ 104,565
Cap Interest Allowance 2 Years	\$ 1,044,503
Less Projected Available Up-Front Cash	\$ -
Cap Interest Allowance	\$ 1,044,503
Total Bond	\$ 11,605,588
Assumed Level P&I Payments	15
Assumed Debt Coverage Requirement	1.0

Cap Interest Reserve

Year	Reserve	Payment
2007	\$ 1,044,503	\$ (522,251)
2008	\$ 522,251	\$ (522,251)

Year of TID	Calendar Year	Annual Inc. Tax Revenues Collected (Jan. 31) @ 100%	Repayment of Existing TID Bond Obligations	Annual Inc. Tax Revenues Available for New Debt Svc.	Amortization of New Bonding			TID Payoff Analysis					
					TID Annual Debt Service Target	Principal Bal. After Current Year's Debt Svc.	Cap Interest Payment	Annual Surplus/ (Shortfall)	Cumulative Fund Balance	Interest Earnings/ (Carry Cost) on Cuml. Balance	Existing TID Debt Retired	New TID Debt Retired	TID Able to Prepay Prin Bal. of New Debt
0	2001					N/A	\$ -	\$ -	\$ -	\$ -			
1	2002	\$ -	\$ -	\$ -		N/A	\$ -	\$ -	\$ -	\$ -			
2	2003	\$ -	\$ (44,867)	\$ (44,867)		N/A	\$ -	\$ (44,867)	\$ (44,867)	\$ (2,338)			
3	2004	\$ 11,357	\$ (112,926)	\$ (101,569)		N/A	\$ -	\$ (101,569)	\$ (148,773)	\$ (7,751)			
4	2005	\$ 60,227	\$ (416,672)	\$ (356,445)		N/A	\$ -	\$ (356,445)	\$ (512,969)	\$ (26,726)			
5	2006	\$ 132,205	\$ (851,029)	\$ (718,824)		N/A	\$ -	\$ (718,824)	\$ (1,258,518)	\$ (65,569)			
6	2007	\$ 270,129	\$ (849,874)	\$ (579,745)	\$ 522,251	N/A	\$ 522,251	\$ (579,745)	\$ (1,903,832)	\$ (99,190)	NO	NO	
7	2008	\$ 528,931	\$ (1,260,617)	\$ (731,686)	\$ 522,251	N/A	\$ 522,251	\$ (731,686)	\$ (2,734,708)	\$ (142,478)	NO	NO	
8	2009	\$ 813,507	\$ (1,252,261)	\$ (438,755)	\$ 1,080,640	\$ 11,047,199	\$ -	\$ (1,519,395)	\$ (4,396,582)	\$ (229,062)	NO	NO	NO
9	2010	\$ 2,109,929	\$ (1,244,969)	\$ 864,960	\$ 1,080,640	\$ 10,463,682	\$ -	\$ (215,681)	\$ (4,841,325)	\$ (252,233)	NO	NO	NO
10	2011	\$ 2,857,395	\$ (1,236,955)	\$ 1,620,440	\$ 1,080,640	\$ 9,853,907	\$ -	\$ 539,799	\$ (4,553,758)	\$ (237,251)	NO	NO	NO
11	2012	\$ 4,030,310	\$ (1,236,826)	\$ 2,793,484	\$ 1,080,640	\$ 9,216,693	\$ -	\$ 1,712,843	\$ (3,078,166)	\$ (160,372)	NO	NO	NO
12	2013	\$ 4,797,325	\$ (1,234,467)	\$ 3,562,858	\$ 1,080,640	\$ 8,550,803	\$ -	\$ 2,482,217	\$ (756,321)	\$ (39,404)	NO	NO	NO
13	2014	\$ 5,119,406	\$ (1,219,631)	\$ 3,899,775	\$ 1,080,640	\$ 7,854,949	\$ -	\$ 2,819,134	\$ 2,023,409	\$ 105,420	NO	NO	NO
14	2015	\$ 5,716,316	\$ (1,430,595)	\$ 4,285,721	\$ 1,080,640	\$ 7,127,781	\$ -	\$ 3,205,081	\$ 5,333,909	\$ 277,897	NO	NO	NO
15	2016	\$ 5,927,717	\$ (1,792,661)	\$ 4,135,055	\$ 1,080,640	\$ 6,367,891	\$ -	\$ 3,054,415	\$ 8,666,221	\$ 451,510	NO	NO	YES
16	2017	\$ 6,146,109	\$ (1,792,344)	\$ 4,353,765	\$ 1,080,640	\$ 5,573,806	\$ -	\$ 3,273,125	\$ 12,390,856	\$ 645,564	NO	NO	
17	2018	\$ 6,371,729	\$ (1,784,479)	\$ 4,587,250	\$ 1,080,640	\$ 4,743,986	\$ -	\$ 3,506,610	\$ 16,543,029	\$ 861,892	NO	NO	
18	2019	\$ 6,604,821	\$ (1,776,760)	\$ 4,828,060	\$ 1,080,640	\$ 3,876,825	\$ -	\$ 3,747,420	\$ 21,152,341	\$ 1,102,037	NO	NO	
19	2020	\$ 6,845,638	\$ (1,752,387)	\$ 5,093,251	\$ 1,080,640	\$ 2,970,642	\$ -	\$ 4,012,610	\$ 26,266,988	\$ 1,368,510	NO	NO	
20	2021	\$ 7,094,442	\$ (1,604,207)	\$ 5,490,235	\$ 1,080,640	\$ 2,023,681	\$ -	\$ 4,409,594	\$ 32,045,092	\$ 1,669,549	NO	NO	
21	2022	\$ 7,351,504	\$ (1,271,244)	\$ 6,080,260	\$ 1,080,640	\$ 1,034,106	\$ -	\$ 4,999,620	\$ 38,714,261	\$ 2,017,013	YES	NO	
22	2023	\$ 7,617,104	\$ -	\$ 7,617,104	\$ 1,080,640	\$ (0)	\$ -	\$ 6,536,463	\$ 47,267,737	\$ 2,462,649		YES	
23	2024	\$ 7,891,531	\$ -	\$ 7,891,531		N/A	\$ -	\$ 7,891,531	\$ 57,621,917	\$ 3,002,102			
	2025	\$ 8,175,085	\$ -	\$ 8,175,085		N/A	\$ -	\$ 8,175,085	\$ 41,889,726	\$ 2,182,455			
TOTALS		\$ 96,472,713	\$ (24,165,771)	\$ 72,306,942				\$ 56,097,335					

Source: S. B. Friedman & Company, Milwaukee Department of City Development

[1] Bond proceeds to support additional \$5.8 million of TID project costs, plus \$4.68 million remaining to be issued in approved Park East TID budget.

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.

Conclusions

Under both TID scenarios analyzed in this study, *SBFCo's* projections suggest that all project costs associated with the Park East TID can be amortized prior to the maximum life of the TID. Analysis indicates that the Park East TID can support debt service on its outstanding obligations, those obligations authorized by the 2005 amended/restated plan but not yet issued, and the additional obligations that would be associated with the additional project costs related to The North End, in the amount of \$5.8 million. Even under the more conservative scenario (B), the TID may amortize these additional costs as early as 2023 (TID year 22) without any prepayment of principal, or as early as 2016 (TID year 15) if outstanding principal is prepaid upon achieving a sufficient district fund balance to do so.

Limitations of Our Engagement

The scope of our engagement included reviewing the developer's application for TIF assistance, projecting the incremental property tax revenues likely to result from the identified projects as proposed, and determining the size of bond issue that TIF revenues from the identified projects could support.

Our projections are based on estimates, assumptions, and other information developed from our research, knowledge of the industry, and meetings with you and the developers of the identified projects 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 the identified projects, including zoning, other state and local government regulations, permits, and licenses. No effort was made to determine the possible effect on these projects 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.

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City of Milwaukee- The North End

Exhibit 1: TID Project Costs

	Dept. of Public Works Estimates (10/26/2006)	Park East TID Amended Project Plan (Feb. 2005)	Change from Feb. 2005 Project Plan
Water Street			
Road Construction [1]	\$ 200,000		
Domestic Water/Hydrant	\$ 4,200		
Landscaping	\$ 142,728		
Subtotal-Water Street	\$ 346,928	\$0	
Milwaukee Street			
Road Construction [1]	\$ 80,000		
Domestic Water/Hydrant	\$ 75,000		
Lighting	\$ 26,000		
Landscaping	\$ 49,214		
Storm/Sanitary Sewer	\$ 168,000		
Subtotal-Milwaukee Street	\$ 398,214	\$209,446	
Broadway			
Road Construction [1]	\$ 41,500		
Domestic Water/Hydrant	\$ 19,000		
Lighting	\$ 14,932		
Subtotal-Broadway	\$ 75,432	\$100,262	
Kewaunee Street/Plaza			
Road Construction [1]	\$ 88,370		
Lighting	\$ 26,000		
Landscaping	\$ 108,408		
Subtotal-Kewaunee Street/Plaza	\$ 222,778	\$130,595	
Pleasant Street/Plaza			
Road Construction [1]	\$ 208,117		
Lighting	\$ 39,000		
Landscaping	\$ 138,540		
Storm/Sanitary Sewer	\$ 3,400		
Subtotal-Pleasant Street/Plaza	\$ 389,057	\$132,252	
Riverwalk Way			
Road Construction [1]	\$ 564,573		
Domestic Water/Hydrant	\$ 21,000		
Lighting	\$ 178,500		
Landscaping	\$ 104,719		
Storm/Sanitary Sewer	\$ 49,938		
Subtotal-Riverwalk Way	\$ 918,730	\$734,779	
Riverwalk (70%)	\$ 1,481,498	\$962,012	
Dockwall (50%)	\$ 659,581		
Street Stub Ends/Dockwall (100%)	\$ 580,883	\$165,563	
Subtotal Streets, Plazas, and Riverwalk	\$ 5,073,101	\$ 2,434,909	
Environmental in ROW	\$ 630,135		
Demolition in ROW	\$ 826,200		
Subtotal Enviro and Infrastructure	\$ 1,456,335	\$ -	
Total All Public Infrastructure Costs	\$ 6,529,436	\$ 2,434,909	\$4,094,527
Contingency and Inflation (15%)	\$ 979,415		
Design	\$ 150,000		
Total All Capital Costs	\$ 7,658,851	\$ 2,434,909	\$5,223,943
Job Training	\$ 250,000		
Administration	\$ 300,000		
Total-Other Soft Costs	\$ 550,000	\$ -	\$550,000
Total TID Project Costs	\$ 8,208,851	\$ 2,434,909	\$5,773,943

[1] Road Construction may include some or all of the following: surface construction, curb and gutter, excavation and backfill, standard sidewalk, and special sidewalk.

City of Milwaukee - The Park East TID Economic Feasibility Study

Exhibit 2A: Analysis of 2006 Assessed Value per Square Foot for Residential Condominiums

Address	Year Built	# Units	2006 Assessed Value per SF			
			Min	Median	Average	Max
601 E. Erie St.	2006	45	\$ 217	\$ 279	\$ 277	\$ 357
822 E. Pearson St.	2006	1	N/A	N/A	\$ 225	N/A
921 E. Pearson St.	2006	1	N/A	N/A	\$ 243	N/A
2050 N. Commerce St.	2005	11	\$ 155	\$ 169	\$ 174	\$ 199
2102-2122 N. Commerce St.	2005	9	\$ 200	\$ 206	\$ 209	\$ 221
923 E. Kilbourn Ave.	2005	15	\$ 297	\$ 358	\$ 355	\$ 414
2105-2121 N. Riverboat Road	2005	2	\$ 208	\$ 208	\$ 208	\$ 208
1619 N. Farwell Ave.	2004	30	\$ 164	\$ 186	\$ 184	\$ 205
1220 E. Locust	2004	22	\$ 127	\$ 143	\$ 141	\$ 156
818 E. Pearson St.	2004	1	N/A	N/A	\$ 233	N/A
130 S. Water St.	2004	55	\$ 184	\$ 252	\$ 252	\$ 336
545 E. Wells St.	2004	27	\$ 246	\$ 309	\$ 303	\$ 356
1825-1835 N. Commerce St.	2003	7	\$ 157	\$ 177	\$ 182	\$ 209
1812 E. Lafayette Place	2003	27	\$ 152	\$ 172	\$ 172	\$ 189
1925 N. Water St.	2003	18	\$ 104	\$ 171	\$ 166	\$ 219
1528 N. Astor St.	2002	1	N/A	N/A	\$ 205	N/A
1820 N. Cape St.	2002	8	\$ 219	\$ 245	\$ 239	\$ 250
1522 N. Prospect Ave.	2002	72	\$ 204	\$ 292	\$ 301	\$ 627
1775-1841 N. Riverwalk Way	2002	11	\$ 202	\$ 218	\$ 220	\$ 247
520 E. Ship St.	2002	1	N/A	N/A	\$ 220	N/A
525 E. Vine St.	2002	1	N/A	N/A	\$ 220	N/A
1915-1925 N. Water St.	2002	41	\$ 103	\$ 177	\$ 169	\$ 211
1801-1809 N. Commerce St.	2001	7	\$ 188	\$ 196	\$ 195	\$ 202
1920 N. Farwell Ave.	2001	24	\$ 144	\$ 165	\$ 166	\$ 185
1888 N. Water St.	2001	22	\$ 105	\$ 221	\$ 214	\$ 250
Count		459				
Minimum	\$	103				
Median	\$	219				
Average	\$	231				
Maximum	\$	627				

Note: All condominium units are located in the 3rd, 4th, or 6th Aldermanic District.

City of Milwaukee - The Park East TID Economic Feasibility Study
Exhibit 2B: Analysis of 2006 Assessed Value per Square Foot for Townhomes

Address	Year Built	# Units	2006 Assessed Value per SF			
			Min	Median	Average	Max
1847-1849 N. 4th St.	2006	2	\$ 146	\$ 152	\$ 152	\$ 158
921 E. Pearson St.	2006	1	N/A	N/A	\$ 243	N/A
2041 N. Buffum St.	2005	1	N/A	N/A	\$ 170	N/A
3268-3274 N. Cambridge Ave.	2005	4	\$ 150	\$ 181	\$ 180	\$ 208
2005-2049 N. Commerce St.	2005	19	\$ 194	\$ 198	\$ 198	\$ 208
1658 N. Jackson St.	2005	4	\$ 189	\$ 192	\$ 197	\$ 215
2684-2686 N. Humboldt	2004	2	\$ 108	\$ 109	\$ 109	\$ 110
2207-2209 N. Weil St.	2004	2	\$ 130	\$ 133	\$ 133	\$ 136
1725 N. Palmer St.	2003	5	\$ 168	\$ 168	\$ 171	\$ 182
200-228 E. Reservoir Ave.	2003	7	\$ 125	\$ 132	\$ 131	\$ 139
2000-2030 N. Commerce St.	2002	8	\$ 163	\$ 178	\$ 178	\$ 195
2010-2024 N. Fratney St.	2002	4	\$ 156	\$ 185	\$ 187	\$ 222
1004 E. Garfield Ave.	2002	1	N/A	N/A	\$ 176	N/A
805-809 E. Pearson St.	2002	2	\$ 112	\$ 112	\$ 112	\$ 112
1931 N. Pierce St.	2002	1	N/A	N/A	\$ 161	N/A
2001-2031 N. Riverwalk Way	2002	8	\$ 164	\$ 179	\$ 177	\$ 190
1910-1924 N. Booth St.	2001	4	\$ 149	\$ 178	\$ 181	\$ 222
1950-1962 N. Commerce St.	2001	4	\$ 163	\$ 170	\$ 173	\$ 187
2571-2587 N. Farwell Ave.	2001	7	\$ 207	\$ 216	\$ 223	\$ 242
2207-2211 E. Ivanhoe Pl.	2001	2	\$ 176	\$ 176	\$ 176	\$ 176
1513-1515 N. Marshall St.	2001	2	\$ 176	\$ 178	\$ 178	\$ 181
1915-1929 N. Pierce St.	2001	4	\$ 155	\$ 186	\$ 189	\$ 228
1959-1975 N. Riverwalk Way	2001	4	\$ 167	\$ 179	\$ 177	\$ 183
Count		98				
Minimum	\$	108				
Median	\$	183				
Average	\$	179				
Maximum	\$	243				

Note: All townhome units are located in the 3rd or 6th Aldermanic District (no townhomes in 4th).

City of Milwaukee - The Park East TID Economic Feasibility Study
Exhibit 2C: Analysis of Rental Apartment Assessed Value per Square Foot

Project Name	Location	Year Built/ Renovated	Taxkey(s)	Total Units [1]	Avg Sq. Feet/Unit[2]	Total Sq Feet	Total Assessed Value [3]	Assessed Value/Sq. Foot
East Pointe Commons	1404 N. Van Buren St.	1992						
			3600659110				\$ 8,424,000	
			3600617110				\$ 2,908,000	
			3600507114				\$ 8,424,000	
Subtotal-East Pointe Commons				188	989	185,932	\$ 19,756,000	\$ 106
The Franklin at East Pointe	1110 & 1212 E. Ogden	1999	35901171104	73	983	71,759	\$ 6,996,000	\$ 97
Jefferson Block-Phases I-III	144 N. Jefferson	2003-2005	3921730111	217	868	188,412	\$ 25,138,000	\$ 133
Juneau Village Towers	1029 N. Jackson St.	1995	39214101118	598	726	434,148	\$ 40,933,000	\$ 94
Lake Bluff at East Pointe	1300 N. Prospect	1998	35902821145	110	1,262	138,820	\$ 16,683,000	\$ 120
Library Hill	740 E. Wisconsin	2000	36117291108	139	947	131,633	\$ 12,343,000	\$ 94
Prospect Towers	1626 N. Prospect	2001	35902950000	200	942	188,400	\$ 17,535,000	\$ 93
Trostel Square	1818 N. Commerce St.	2002	35410540000	99	985	97,515	\$ 10,037,000	\$ 103
Median								\$ 100
Weighted Average								\$ 104

Sources: City of Milwaukee Assessor, Tracy Cross Analysis of Residential Market Potential (PabstCity, March 2005)

City of Milwaukee - The Park East TID Economic Feasibility Study
Exhibit 3: Analysis of 2006 Assessed Value per Square Foot for Commercial Property Types

Sit-Down Restaurants

Taxkey	House Number (range)	Street	Assessment Class [1]	Land Use Code [2]	2006 Assessed Value			Building Type [3]	Building Area (SF)	Year Built [4]	Aldermanic District	Assessed Value/SF	
					Land	Improvements	Total						
0430852000 0	8101	W BROWN DEER	RD	4	5812	\$ 244,200	\$ 590,800	\$ 835,000	C560	4,198	2002	09	\$ 199
3132342000 1	2730	N MARTIN L KING JR	DR	4	5812	\$ 97,800	\$ 870,200	\$ 968,000	C560	6,846	2002	06	\$ 141
2529997100 X	7822	W CAPITOL	DR	2	5812	\$ 163,600	\$ 1,188,400	\$ 1,352,000	C560	5,062	2001	05	\$ 267
1110123000 9	10950	W GOOD HOPE	RD	4	5812	\$ 453,400	\$ 946,600	\$ 1,400,000	C560	7,074	2001	05	\$ 198
3150302000 1	2935	N OAKLAND	AV	2	5812	\$ 54,000	\$ 345,000	\$ 399,000	C560	2,003	1999	03	\$ 199
6250171000 3	909	W LAYTON	AV	4	5812	\$ 392,400	\$ 1,143,600	\$ 1,536,000	C560	12,451	1998	13	\$ 123
Count	6												
Min	\$ 123												
Med	\$ 198												
Avg	\$ 188												
Max	\$ 267												

[1] 2 = Mercantile; 4 = Special Mercantile

[2] 5812 = Restaurants, Eating Places

[3] C560 = Sit-Down Restaurant

[4] Sample represents all comparable properties built 1990 or later.

Professional Office

Taxkey	House Number (range)	Street	Assessment Class [1]	Land Use Code [2]	2006 Assessed Value			Building Type [3]	Building Area (SF)	Year Built [4]	Aldermanic District	Assessed Value/SF	
					Land	Improvements	Total						
3610652200 0	749	N 2ND	ST	4	7400	\$ 263,900	\$ -	\$ 263,900	C999	6,598	2001	04	\$ 40
4171523000 1	135	S 84TH	ST	4	7400	\$ 868,800	\$ 17,236,200	\$ 18,105,000	C312	160,647	2000	10	\$ 113
3251451100 3	2341	N 25TH	ST	4	7400	\$ 67,500	\$ 1,953,500	\$ 2,021,000	C400	55,214	2000	15	\$ 37
1820362000 0	5300 - 5352	N 118TH	CT	4	7400	\$ 125,100	\$ 1,312,900	\$ 1,438,000	C401	22,000	1999	05	\$ 65
0760073000 7	11701	W LAKE PARK	DR	4	7400	\$ 293,700	\$ 3,766,300	\$ 4,060,000	C300	28,505	1998	05	\$ 142
4171522000 6	115	S 84TH	ST	4	7400	\$ 957,500	\$ 21,186,500	\$ 22,144,000	C312	159,673	1998	10	\$ 139
4171521000 0	125	S 84TH	ST	4	7400	\$ 991,300	\$ 22,550,700	\$ 23,542,000	C312	164,825	1997	10	\$ 143
Count	7												
Min	\$ 37												
Med	\$ 113												
Avg	\$ 97												
Max	\$ 143												

[1] 2 = Mercantile; 4 = Special Mercantile

[2] 7400 = Office-General

[3] C300 = Office Building-1 Story; C312 = Office Building-Class B; C400 = Warehouse Building-1 Story; C401-Office Warehouse Park; C999-Commercial Land

[4] Sample represents all comparable properties built 1990 or later.

City of Milwaukee - The Park East TID Economic Feasibility Study
Exhibit 3: Analysis of 2006 Assessed Value per Square Foot for Commercial Property Types

Taxkey	House Number (range)	Street	Assessment Class [1]	Land Use Code [2]	2006 Assessed Value			Building Type [3]	Building Area (SF)	Year Built [4]	Aldermanic District	Assessed Value/SF		
					Land	Improvements	Total							
5340921000	3	3305	S 20TH	ST	2	8011	\$ 284,900	\$ 3,674,100	\$ 3,959,000	C320	26,521	2000	13	\$ 149
3551572000	4	1121	E NORTH	AV	4	8011	\$ 467,100	\$ 2,089,900	\$ 2,557,000	C320	20,810	1999	06	\$ 123
5529999100	7	3500	S 27TH	ST	2	8042	\$ 161,800	\$ 334,200	\$ 496,000	C110	4,306	1998	13	\$ 115
6699987130	6	5556	S 27TH	ST	2	8021	\$ 148,900	\$ 143,100	\$ 292,000	C300	4,000	1998	13	\$ 73
2490853000	0	5818	W CAPITOL	DR	4	8011	\$ 586,800	\$ 2,547,200	\$ 3,134,000	C320	16,709	1997	02	\$ 188
4940318110	1	2727	W CLEVELAND	AV	2	8011	\$ 94,800	\$ 1,473,200	\$ 1,568,000	C320	13,612	1997	08	\$ 115
5031701110	2	3052	S KINNICKINNIC	AV	4	8011	\$ 98,900	\$ 2,671,100	\$ 2,770,000	C320	27,399	1993	14	\$ 101
5089983111	7	2850	S 20TH	ST	4	8011	\$ 768,500	\$ 3,231,500	\$ 4,000,000	C320	35,473	1993	13	\$ 113
5100541000	6	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 50,300	\$ 3,065,700	\$ 3,116,000	C320	17,970	1991	08	\$ 173
5100542000	1	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 32,300	\$ 2,532,700	\$ 2,565,000	C320	14,806	1991	08	\$ 173
5100543000	7	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 41,700	\$ 3,190,300	\$ 3,232,000	C320	18,641	1991	08	\$ 173
5100544000	2	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 32,300	\$ 3,136,700	\$ 3,169,000	C320	17,533	1991	08	\$ 181
5100545000	8	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 26,200	\$ 2,026,800	\$ 2,053,000	C320	11,844	1991	08	\$ 173
5100546000	3	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 32,300	\$ 2,965,700	\$ 2,998,000	C320	17,291	1991	08	\$ 173
5100547000	9	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 70,900	\$ 6,025,100	\$ 6,096,000	C320	35,160	1991	08	\$ 173
5100548000	4	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 38,600	\$ 2,291,400	\$ 2,330,000	C320	13,438	1991	08	\$ 173
5100549000	X	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 38,600	\$ 3,219,400	\$ 3,258,000	C320	18,790	1991	08	\$ 173
5100550000	5	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 38,600	\$ 3,065,400	\$ 3,104,000	C320	17,906	1991	08	\$ 173
5100551000	0	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 38,600	\$ 3,061,400	\$ 3,100,000	C320	17,882	1991	08	\$ 173
5100552000	6	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 31,700	\$ 2,748,300	\$ 2,780,000	C320	16,035	1991	08	\$ 173
5100554000	7	2801	W KINNICKINNIC RIVER	PK	4	8011	\$ 11,000	\$ 541,000	\$ 552,000	C320	5,262	1991	08	\$ 105
5480016000	9	3814	S HOWELL	AV	2	8021	\$ 37,500	\$ 491,500	\$ 529,000	C300	4,288	1990	14	\$ 123
Count		22												
Min	\$	73												
Med	\$	173												
Avg	\$	150												
Max	\$	188												

- [1] 2 = Mercantile; 4 = Special Mercantile
- [2] 8011 = Physicians-Offices Of; 8021 = Dentists-Offices Of; 8042 = Offices of Optometrists
- [3] C110 = Store Building-Single Tenant, 1 Story; C300 = Office Building-1 Story; C320 = Medical Clinic
- [4] Sample represents all comparable properties built 1990 or later.

Taxkey	House Number (range)	Street	Assessment Class [1]	Land Use Code [2]	2006 Assessed Value			Building Type [3]	Building Area (SF)	Year Built [4]	Aldermanic District	Assessed Value/SF		
					Land	Improvements	Total							
2510001110	X	4110	N 76TH	ST	4	6021	\$ 435,500	\$ 602,500	\$ 1,038,000	C800	5,181	2000	02	\$ 200
5281123100	2	7501	W OKLAHOMA	AV	4	6021	\$ 296,000	\$ 511,000	\$ 807,000	C800	3,861	1997	11	\$ 209
3530701100	8	230	W RESERVOIR	AV	4	6011	\$ 160,800	\$ 349,200	\$ 510,000	C800	2,475	1996	06	\$ 206
1920848100	5	3323	W VILLARD	AV	4	6011	\$ 79,000	\$ 420,000	\$ 499,000	C800	2,525	1992	01	\$ 198
1110071000	7	10811	W PARK	PL	4	6060	\$ 501,900	\$ 424,100	\$ 926,000	C800	6,582	1991	05	\$ 141
5539991122	1	3605	S 27TH	ST	4	6020	\$ 557,700	\$ 207,300	\$ 765,000	C800	3,613	1991	11	\$ 212
5270511100	6	7606	W MORGAN	AV	4	6021	\$ 180,100	\$ 471,900	\$ 652,000	C800	3,639	1990	11	\$ 179
Count		7												
Min	\$	141												
Med	\$	200												
Avg	\$	192												
Max	\$	212												

- [1] 2 = Mercantile; 4 = Special Mercantile
- [2] 6011 = Federal Reserve Banks; 6020 = financial institution, not specified by Assessor documentation; 6021 = National Commercial Bank; 6060 = financial institution, not specified by Assessor documentation
- [3] C800 = Bank, Savings & Loan
- [4] Sample represents all comparable properties built 1990 or later.

City of Milwaukee - The Park East TID Economic Feasibility Study
 Exhibit 3: Analysis of 2006 Assessed Value per Square Foot for Commercial Property Types

Taxkey	House Number (range)	Street	Assessment Class [1]	Land Use Code [2]	2006 Assessed Value			Building Type [3]	Building Area (SF)	Year Built [4]	Aldermanic District	Assessed Value/SF		
					Land	Improvements	Total							
2671031000	8	4930	W FOND DU LAC	AV	2	5531	\$ 120,900	\$ 424,600	\$ 545,500	C110	6,854	2004	07	\$ 80
5571603000	7	6015	W FOREST HOME	AV	4	5531	\$ 163,200	\$ 608,800	\$ 772,000	C110	6,218	2004	11	\$ 124
3080001110	4	3501 - 3515	W BURLEIGH	ST	2	5087	\$ 13,400	\$ 361,600	\$ 375,000	C110	6,000	2004	07	\$ 63
4704051000	8	2424	W FOREST HOME	AV	4	5912	\$ 179,500	\$ 2,673,500	\$ 2,853,000	C110	14,467	2003	08	\$ 197
3290911100	4	5428	W NORTH	AV	2	5531	\$ 72,000	\$ 527,500	\$ 599,500	C110	7,808	2003	10	\$ 77
4692283000	2	1802	W FOREST HOME	AV	2	5531	\$ 119,900	\$ 528,100	\$ 648,000	C110	7,728	2002	08	\$ 84
2420442000	5	272	E CAPITOL	DR	2	5531	\$ 100,600	\$ 621,400	\$ 722,000	C110	6,000	2002	06	\$ 120
3502051100	X	2475	W NORTH	AV	2	5531	\$ 49,500	\$ 473,600	\$ 523,100	C110	4,901	2002	15	\$ 107
5530754000	1	3565	S 27TH	ST	4	5945	\$ 561,500	\$ 928,500	\$ 1,490,000	C110	24,091	2001	11	\$ 62
3551566100	8	1924	N FARWELL	AV	2	7299	\$ 5,600	\$ 232,400	\$ 238,000	C110	2,300	2001	03	\$ 103
1080481100	7	9040	W GOOD HOPE	RD	4	5912	\$ 427,700	\$ 3,598,300	\$ 4,026,000	C110	15,048	2000	09	\$ 268
4601325100	2	1645	W GREENFIELD	AV	2	5431	\$ 43,100	\$ 179,200	\$ 222,300	C110	4,428	2000	12	\$ 50
2261181000	1	6727	W HAMPTON	AV	4	5912	\$ 137,000	\$ 3,468,000	\$ 3,605,000	C110	13,855	1998	02	\$ 260
1070101000	6	7377	N 76TH	ST	2	5531	\$ 163,900	\$ 536,100	\$ 700,000	C110	8,538	1998	09	\$ 82
4600101110	3	1300 - 1316	W HISTORIC MITCHELL	ST	4	7841	\$ 90,000	\$ 1,277,000	\$ 1,367,000	C110	8,114	1998	12	\$ 168
2069987000	6	4806	N TEUTONIA	AV	4	5531	\$ 60,000	\$ 615,000	\$ 675,000	C110	8,050	1998	01	\$ 84
2500111110	0	6312	W CAPITOL	DR	2	5531	\$ 84,000	\$ 434,900	\$ 518,900	C110	7,285	1998	02	\$ 71
4339927112	7	1920	W NATIONAL	AV	4	5531	\$ 104,200	\$ 577,800	\$ 682,000	C110	8,141	1997	12	\$ 84
3290125110	9	5814	W NORTH	AV	2	5531	\$ 71,400	\$ 529,200	\$ 600,600	C110	7,919	1997	10	\$ 76
3870755110	8	3522	W WISCONSIN	AV	4	5912	\$ 252,500	\$ 3,120,500	\$ 3,373,000	C110	15,120	1996	15	\$ 223
4040762000	5	5940	W BLUE MOUND	RD	2	5531	\$ 92,000	\$ 388,000	\$ 480,000	C110	6,858	1996	10	\$ 70
6449900100	0	5470	S 27TH	ST	2	5531	\$ 169,000	\$ 242,000	\$ 411,000	C110	1,712	1995	13	\$ 240
6680713000	6	5791	S 27TH	ST	2	5013	\$ 346,800	\$ 182,200	\$ 529,000	C110	6,075	1994	13	\$ 87
0700071000	2	8377	N 76TH	ST	2	5531	\$ 150,100	\$ 178,900	\$ 329,000	C110	1,712	1994	09	\$ 192
5571582000	4	6004	W HOWARD	AV	2	5699	\$ 25,700	\$ 233,300	\$ 259,000	C110	4,364	1992	11	\$ 59
2490801100	3	5325	W FOND DU LAC	AV	2	5661	\$ 190,900	\$ 648,100	\$ 839,000	C110	6,960	1990	02	\$ 121
Count		26												
Min	\$	50												
Med	\$	85												
Avg	\$	121												
Max	\$	268												

[1] 2 = Mercantile; 4 = Special Mercantile
 [2] 5531 = Auto, Home Supply Stores; 5087 = Service Establishment Equip.; 5912 = Drugstore, Pharmacy; 5945 = Game, Toy, Hobby Shops; 7299 = Misc. Personal Services; 5431 = Fruit Store, Vegetable Markets; 7841 = Video Tape Rental; 5013 = Automotive Parts, Supplies; 5699 = Apparel, Accessories-Misc.; 5661 = Shoe Stores
 [3] C110 = Store Building-Single Tenant, 1 Story
 [4] Sample represents all comparable properties built 1990 or later.

City of Milwaukee - The Park East TID Economic Feasibility Study

Exhibit 4: Assumed Development Phasing

TID Year	Assessment Year	Apartment Units	Condominium Units	Townhouse Units	Total Residential Units	Hotel Rooms	Retail/Commercial Square Feet	Office Square Feet
6	2007							
7	2008	75	54	1	131		40,969	3,833
8	2009	151	161	21	333	127	99,822	3,833
9	2010	96	123	3	221	88	49,879	27,500
10	2011	53	182	2	237	87	44,554	27,500
11	2012		98	1	99		97,977	
12	2013		32		32		66,000	
13	2014		53		53			
14	2015		40		40		16,667	
15	2016		40		40		21,667	
16	2017						21,667	125,000
17	2018							125,000
18	2019							
19	2020							
20	2021							
21	2022							
22	2023							
23	2024							
Totals		375	783	28	1,186	302	459,201	312,666

City of Milwaukee - The Park East TID Economic Feasibility Study
Exhibit 5: Incremental Property Tax Projections, Scenario A (Park East TID with Seven Development Projects)

Inputs and Assumptions	
2002 Base Value	\$ 27,727,300
2005 Amended Base Assessed Value	\$ 45,325,600
Annual Growth in Real Property-Residential	3.50%
Annual Growth in Real Property - Commercial	2.00%
Tax Collection Rate	100.00%

Year of TID	Assessment Year (Jan. 1) [1], [2]	Frozen Base AV of TID Parcels [3]	Actual /Inflated Value of TID Parcels [4]	Cumulative AV Deductions [5]	Cumulative AV Additions [6]						Total AV of TID Parcels [8]	Incremental AV Above Base AV [9]	Tax Rate [10]	Tax Revenues Collected (Jan. 31) @ 100% [11]
					Hotel/Restaurant	General Retail	Office	Rental Apartments	For-Sale Residential [7]	TOTAL				
0	2001													
1	2002	\$ 27,727,300	\$ 27,727,300	N/A							\$ 27,727,300	\$ -	2.73%	\$ -
2	2003	\$ 27,727,300	\$ 28,157,400	N/A							\$ 28,157,400	\$ 430,100	2.62%	\$ -
3	2004	\$ 27,727,300	\$ 30,040,300	N/A							\$ 30,040,300	\$ 2,313,000	2.59%	\$ 11,357
4	2005	\$ 27,727,300	\$ 33,143,400	N/A							\$ 33,143,400	\$ 5,416,100	2.45%	\$ 60,227
5	2006	\$ 45,325,600	\$ 56,650,500	N/A							\$ 56,650,500	\$ 11,324,900	2.39%	\$ 132,205
6	2007	\$ 45,325,600	\$ 68,102,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,102,344	\$ 22,776,744	2.32%	\$ 270,129
7	2008	\$ 45,325,600	\$ 69,568,158	\$ (1,775,989)	\$ 1,010,915	\$ 4,577,817	\$ 398,785	\$ 7,628,947	\$ 16,241,013	\$ 29,857,477	\$ 97,649,647	\$ 52,324,047	2.26%	\$ 528,931
8	2009	\$ 45,325,600	\$ 71,066,921	\$ (6,933,013)	\$ 11,537,273	\$ 16,242,574	\$ 813,522	\$ 25,038,697	\$ 80,300,814	\$ 133,932,880	\$ 198,066,787	\$ 152,741,187	2.20%	\$ 1,182,985
9	2010	\$ 45,325,600	\$ 72,599,418	\$ (8,276,168)	\$ 28,437,474	\$ 23,046,246	\$ 3,806,481	\$ 37,403,604	\$ 126,987,266	\$ 219,681,070	\$ 284,004,319	\$ 238,678,719	2.14%	\$ 3,362,054
10	2011	\$ 45,325,600	\$ 74,166,455	\$ (8,537,139)	\$ 45,815,853	\$ 29,410,139	\$ 6,918,833	\$ 46,028,878	\$ 196,645,779	\$ 324,819,482	\$ 390,448,797	\$ 345,123,197	2.09%	\$ 5,114,848
11	2012	\$ 45,325,600	\$ 75,768,860	\$ (10,814,257)	\$ 46,732,170	\$ 43,238,874	\$ 7,057,209	\$ 47,639,889	\$ 240,288,630	\$ 384,956,773	\$ 449,911,375	\$ 404,585,775	2.03%	\$ 7,200,519
12	2013	\$ 45,325,600	\$ 77,407,480	\$ (12,321,711)	\$ 47,666,814	\$ 53,201,242	\$ 7,198,354	\$ 49,307,285	\$ 260,878,767	\$ 418,252,461	\$ 483,338,230	\$ 438,012,630	2.00%	\$ 8,218,089
13	2014	\$ 45,325,600	\$ 79,083,186	\$ (12,619,527)	\$ 48,620,150	\$ 54,265,267	\$ 7,342,321	\$ 51,033,040	\$ 290,309,581	\$ 451,570,359	\$ 518,034,018	\$ 472,708,418	2.00%	\$ 8,760,253
14	2015	\$ 45,325,600	\$ 80,796,871	\$ (12,925,098)	\$ 49,592,553	\$ 57,740,757	\$ 7,489,167	\$ 52,819,196	\$ 321,003,828	\$ 488,645,502	\$ 556,517,275	\$ 511,191,675	2.00%	\$ 9,454,168
15	2016	\$ 45,325,600	\$ 82,549,451	\$ (13,238,642)	\$ 50,584,404	\$ 61,333,561	\$ 7,638,950	\$ 54,667,868	\$ 353,491,043	\$ 527,715,827	\$ 597,026,636	\$ 551,701,036	2.00%	\$ 10,223,834
16	2017	\$ 45,325,600	\$ 84,341,864	\$ (13,560,383)	\$ 51,596,092	\$ 65,046,981	\$ 23,333,908	\$ 56,581,243	\$ 365,863,230	\$ 562,421,455	\$ 633,202,936	\$ 587,877,336	2.00%	\$ 11,034,021
17	2018	\$ 45,325,600	\$ 86,175,076	\$ (13,890,553)	\$ 52,628,014	\$ 66,347,921	\$ 39,653,609	\$ 58,561,587	\$ 378,668,443	\$ 595,859,573	\$ 668,144,096	\$ 622,818,496	2.00%	\$ 11,757,547
18	2019	\$ 45,325,600	\$ 88,050,075	\$ (14,229,391)	\$ 53,680,574	\$ 67,674,879	\$ 40,446,681	\$ 60,611,242	\$ 391,921,838	\$ 614,335,215	\$ 688,155,900	\$ 642,830,300	2.00%	\$ 12,456,370
19	2020	\$ 45,325,600	\$ 89,967,877	\$ (14,577,140)	\$ 54,754,186	\$ 69,028,377	\$ 41,255,615	\$ 62,732,636	\$ 405,639,103	\$ 633,409,916	\$ 708,800,652	\$ 663,475,052	2.00%	\$ 12,856,606
20	2021	\$ 45,325,600	\$ 91,929,522	\$ (14,934,056)	\$ 55,849,270	\$ 70,408,944	\$ 42,080,727	\$ 64,928,278	\$ 419,836,471	\$ 653,103,690	\$ 730,099,156	\$ 684,773,556	2.00%	\$ 13,269,501
21	2022	\$ 45,325,600	\$ 93,936,080	\$ (15,300,397)	\$ 56,966,255	\$ 71,817,123	\$ 42,922,342	\$ 67,200,768	\$ 434,530,748	\$ 673,437,235	\$ 752,072,918	\$ 706,747,318	2.00%	\$ 13,695,471
22	2023	\$ 45,325,600	\$ 95,988,649	\$ (15,676,434)	\$ 58,105,580	\$ 73,253,466	\$ 43,780,788	\$ 69,552,795	\$ 449,739,324	\$ 694,431,953	\$ 774,744,167	\$ 729,418,567	2.00%	\$ 14,134,946
23	2024	\$ 45,325,600	\$ 98,088,353	\$ (16,062,443)	\$ 59,267,692	\$ 74,718,535	\$ 44,656,404	\$ 71,987,142	\$ 465,480,200	\$ 716,109,973	\$ 798,135,884	\$ 752,810,284	2.00%	\$ 14,588,371
	2025													\$ 15,056,206
Total Proceeds, 2002 - 2025 (Not Discounted)														\$ 173,368,637
Total Proceeds, 2005 - 2025 (Not Discounted)														\$ 173,357,280
Present Value (\$2005), 2005 - 2025 @: 5.0%														\$ 86,334,075

Source: S. B. Friedman & Company

- [1] The TID was established in January 2002 with a base year of 2002.
- [2] Properties in the City of Milwaukee are reassessed every year as of January 1.
- [3] Frozen base AV - assumed to be 2006 value of parcels.
- [4] Actual TID values per the Wisconsin Department of Revenue are shown in italics.
- [5] Deductions resulting from demolition or replacement, adjusted for inflation.
- [6] Additions resulting from new development, adjusted for inflation.
- [7] Includes residential condominiums and townhouses.
- [8] AV after all adjustments, adjusted for inflation.
- [9] Total AV (adjusted for inflation) less Base AV.
- [10] The assessed value tax rate is projected to decline at an annual rate of 2.64%, stabilizing at a tax rate of 2.0%.
- [11] Tax revenues are collected one year after the taxing year at a 100% collection rate. Actual values are in italics.

City of Milwaukee - The Park East TID Economic Feasibility Study
Exhibit 6: Incremental Property Tax Projections, Scenario B (Park East TID with North End & Block 21 Only)

Inputs and Assumptions		
2002 Base Value	\$	27,727,300
2005 Amended Base Assessed Value	\$	45,325,600
Annual Growth in Real Property-Residential		3.50%
Annual Growth in Real Property - Commercial		2.00%
Tax Collection Rate		100.00%

Year of TID	Assessment Year (Jan. 1) [1], [2]	Frozen Base AV of TID Parcels [3]	Actual /Inflated Value of TID Parcels [4]	Cumulative AV Deductions [5]	Cumulative AV Additions [6]				Total AV of TID Parcels [8]	Incremental AV Above Base AV [9]	Tax Rate [10]	Tax Revenues Collected (Jan. 31) @ 100% [11]
					General Retail	Rental Apartments	For-Sale Residential [7]	TOTAL				
0	2001											
1	2002	\$ 27,727,300	\$ 27,727,300	N/A					\$ 27,727,300	\$ -	2.73%	\$ -
2	2003	\$ 27,727,300	\$ 28,157,400	N/A					\$ 28,157,400	\$ 430,100	2.62%	\$ -
3	2004	\$ 27,727,300	\$ 30,040,300	N/A					\$ 30,040,300	\$ 2,313,000	2.59%	\$ 11,357
4	2005	\$ 27,727,300	\$ 33,143,400	N/A					\$ 33,143,400	\$ 5,416,100	2.45%	\$ 60,227
5	2006	\$ 45,325,600	\$ 56,650,500	N/A					\$ 56,650,500	\$ 11,324,900	2.39%	\$ 132,205
6	2007	\$ 45,325,600	\$ 68,102,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,102,344	\$ 22,776,744	2.32%	\$ 270,129
7	2008	\$ 45,325,600	\$ 69,568,158	\$ (1,775,989)	\$ 698,103	\$ 3,503,006	\$ 9,314,144	\$ 13,515,254	\$ 81,307,423	\$ 35,981,823	2.26%	\$ 528,931
8	2009	\$ 45,325,600	\$ 71,066,921	\$ (6,933,013)	\$ 2,408,221	\$ 9,668,297	\$ 64,971,180	\$ 77,047,698	\$ 141,181,605	\$ 95,856,005	2.20%	\$ 813,507
9	2010	\$ 45,325,600	\$ 72,599,418	\$ (7,264,094)	\$ 3,746,026	\$ 10,006,687	\$ 99,574,718	\$ 113,327,431	\$ 178,662,754	\$ 133,337,154	2.14%	\$ 2,109,929
10	2011	\$ 45,325,600	\$ 74,166,455	\$ (7,504,824)	\$ 4,430,951	\$ 10,356,922	\$ 157,050,157	\$ 171,838,029	\$ 238,499,660	\$ 193,174,060	2.09%	\$ 2,857,395
11	2012	\$ 45,325,600	\$ 75,768,860	\$ (9,761,295)	\$ 5,469,166	\$ 10,719,414	\$ 199,307,161	\$ 215,495,740	\$ 281,503,304	\$ 236,177,704	2.03%	\$ 4,030,310
12	2013	\$ 45,325,600	\$ 77,407,480	\$ (11,247,689)	\$ 5,578,549	\$ 11,094,593	\$ 218,462,946	\$ 235,136,088	\$ 301,295,879	\$ 255,970,279	2.00%	\$ 4,797,325
13	2014	\$ 45,325,600	\$ 79,083,186	\$ (11,524,026)	\$ 5,690,120	\$ 11,482,904	\$ 246,409,207	\$ 263,582,231	\$ 331,141,392	\$ 285,815,792	2.00%	\$ 5,119,406
14	2015	\$ 45,325,600	\$ 80,796,871	\$ (11,807,687)	\$ 5,803,923	\$ 11,884,806	\$ 255,033,529	\$ 272,722,257	\$ 341,711,442	\$ 296,385,842	2.00%	\$ 5,716,316
15	2016	\$ 45,325,600	\$ 82,549,451	\$ (12,098,882)	\$ 5,920,001	\$ 12,300,774	\$ 263,959,702	\$ 282,180,477	\$ 352,631,046	\$ 307,305,446	2.00%	\$ 5,927,717
16	2017	\$ 45,325,600	\$ 84,341,864	\$ (12,397,828)	\$ 6,038,401	\$ 12,731,301	\$ 273,198,292	\$ 291,967,994	\$ 363,912,030	\$ 318,586,430	2.00%	\$ 6,146,109
17	2018	\$ 45,325,600	\$ 86,175,076	\$ (12,704,747)	\$ 6,159,169	\$ 13,176,896	\$ 282,760,232	\$ 302,096,298	\$ 375,566,627	\$ 330,241,027	2.00%	\$ 6,371,729
18	2019	\$ 45,325,600	\$ 88,050,075	\$ (13,019,868)	\$ 6,282,353	\$ 13,638,088	\$ 292,656,840	\$ 312,577,281	\$ 387,607,488	\$ 342,281,888	2.00%	\$ 6,604,821
19	2020	\$ 45,325,600	\$ 89,967,877	\$ (13,343,428)	\$ 6,408,000	\$ 14,115,421	\$ 302,899,830	\$ 323,423,250	\$ 400,047,699	\$ 354,722,099	2.00%	\$ 6,845,638
20	2021	\$ 45,325,600	\$ 91,929,522	\$ (13,675,669)	\$ 6,536,160	\$ 14,609,461	\$ 313,501,324	\$ 334,646,944	\$ 412,900,797	\$ 367,575,197	2.00%	\$ 7,094,442
21	2022	\$ 45,325,600	\$ 93,936,080	\$ (14,016,843)	\$ 6,666,883	\$ 15,120,792	\$ 324,473,870	\$ 346,261,545	\$ 426,180,782	\$ 380,855,182	2.00%	\$ 7,351,504
22	2023	\$ 45,325,600	\$ 95,988,649	\$ (14,367,208)	\$ 6,800,220	\$ 15,650,019	\$ 335,830,456	\$ 358,280,696	\$ 439,902,136	\$ 394,576,536	2.00%	\$ 7,617,104
23	2024	\$ 45,325,600	\$ 98,088,353	\$ (14,727,032)	\$ 6,936,225	\$ 16,197,770	\$ 347,584,522	\$ 370,718,517	\$ 454,079,838	\$ 408,754,238	2.00%	\$ 7,891,531
	2025											\$ 8,175,085
Total Proceeds, 2002 - 2025 (Not Discounted)												\$ 96,472,713
Total Proceeds, 2005 - 2025 (Not Discounted)												\$ 96,461,356
Present Value (\$2005), 2005 - 2025 @: 5.0%												\$ 48,558,078

Source: S. B. Friedman & Company

- [1] The TID was established in January 2002 with a base year of 2002.
- [2] Properties in the City of Milwaukee are reassessed every year as of January 1.
- [3] Frozen base AV - assumed to be 2006 value of parcels.
- [4] Actual TID values per the Wisconsin Department of Revenue are shown in italics.
- [5] Deductions resulting from demolition or replacement, adjusted for inflation.
- [6] Additions resulting from new development, adjusted for inflation.
- [7] Includes residential condominiums and townhouses.
- [8] AV after all adjustments, adjusted for inflation.
- [9] Total AV (adjusted for inflation) less Base AV.
- [10] The assessed value tax rate is projected to decline at an annual rate of 2.64%, stabilizing at a tax rate of 2.0%.
- [11] Tax revenues are collected one year after the taxing year at a 100% collection rate. Actual values are in italics.